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# ENVIRONMENTAL ASSESSMENT BOARD

VOLUME: 358

DATE: Wednesday, February 26, 1992

BEFORE:

A. KOVEN Chairman

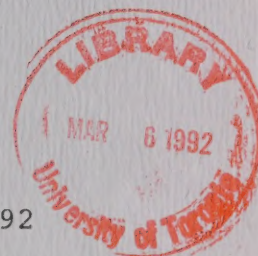
E. MARTEL Member

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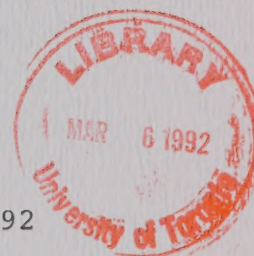
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HEARING ON THE PROPOSAL BY THE MINISTRY OF NATURAL  
RESOURCES FOR A CLASS ENVIRONMENTAL ASSESSMENT FOR  
TIMBER MANAGEMENT ON CROWN LANDS IN ONTARIO

IN THE MATTER of the Environmental  
Assessment Act, R.S.O. 1980, c.140;

- and -

IN THE MATTER of the Class Environmental  
Assessment for Timber Management on Crown  
Lands in Ontario;

- and -

IN THE MATTER of a Notice by The Honourable  
Jim Bradley, Minister of the Environment,  
requiring the Environmental Assessment  
Board to hold a hearing with respect to a  
Class Environmental Assessment (No.  
NR-AA-30) of an undertaking by the Ministry  
of Natural Resources for the activity of  
Timber Management on Crown Lands in  
Ontario.

-----

Hearing held at the offices of the Ontario  
Highway Transport Board, Britannica Building,  
151 Bloor Street West, 10th Floor, Toronto,  
Ontario, on Wednesday, February 26th, 1992,  
commencing at 9:00 a.m.

-----

VOLUME 358

BEFORE:

MRS. ANNE KOVEN  
MR. ELIE MARTEL

Chairman  
Member







A P P E A R A N C E S

MR. V. FREIDIN, Q.C.	)	MINISTRY OF NATURAL
MS. C. BLASTORAH	)	RESOURCES
MS. K. MURPHY	)	
MR. B. CAMPBELL	)	
MS. J. SEABORN	)	MINISTRY OF ENVIRONMENT
MS. N. GILLESPIE	)	
MR. R. TUER, Q.C.	)	ONTARIO FOREST INDUSTRY
MR. R. COSMAN	)	ASSOCIATION and ONTARIO
MS. E. CRONK	)	LUMBER MANUFACTURERS'
MR. P.R. CASSIDY	)	ASSOCIATION
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MR. R. BERAM		ENVIRONMENTAL ASSESSMENT BOARD
MR. J.E. HANNA	)	ONTARIO FEDERATION
DR. T. QUINNEY	)	OF ANGLERS & HUNTERS
MR. D. O'LEARY		
MR. D. HUNTER	)	NISHNAWBE-ASKI NATION
MR. M. BAEDER	)	and WINDIGO TRIBAL COUNCIL
MS. M. SWENARCHUK	)	FORESTS FOR TOMORROW
MR. R. LINDGREN	)	
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I N D E X   O F   P R O C E E D I N G S

<u>Witness:</u>	<u>Page No.</u>
<u>PETER VICTOR,</u> <u>ATIF KUBURSI</u> ; Resumed.	62346
Continued Cross-Examination by Mr. Freidin	62346





I N D E X   O F   E X H I B I T S

<u>Exhibit No.</u>	<u>Description</u>	<u>Page No.</u>
2127	Excerpt from book entitled: Total and Non-Use Values, authored by Allan Randall comprising Chapter 10.	62504





1 ---Upon commencing at 9:00 a.m.

2 MADAM CHAIR: Good morning. Please be  
3 seated.

4 Good morning, Mr. Freidin.

5 MR. FREIDIN: Good morning. Shall I  
6 start?

7 MADAM CHAIR: Go ahead.

8 PETER VICTOR,  
9 ATIF KUBURSI; Resumed.

10 CROSS-EXAMINATION BY MR. FREIDIN (Cont'd):

11 Q. Dr. Victor, in looking through your  
12 CV you were at one time a principal of VHB Consultants?

13 DR. VICTOR: A. Correct, yes.

14 Q. What does VHB stand for?

15 A. Well, it doesn't stand for anything.

16 Q. Does it represent the Victor Hanna  
17 and somebody else by the name of B?

18 A. The naming of a company is harder  
19 than the naming of a child, to be honest with you, you  
20 can't go to a book, and we thought of various names and  
21 one of the ways of coming up with a name was to  
22 identify the letters of the three original principals,  
23 yes.

24 Q. Okay. Coming to the point, I  
25 understand that you were Mr. Hanna's business partner?



1 A. That's correct.

2 Q. For what length of time?

3 A. For '87 to '91.

4 Q. All right. And the Mr. Hanna we're  
5 talking about is Ed Hanna who is sitting here?

6 A. Yes, correct.

7 Q. Did you have any role in the  
8 preparation of the Coalition's case, did you work with  
9 Mr. Hanna, along with Mr. Hanna when he was advising  
10 and preparing the case--

11 A. No.

12 Q. --on behalf of the Coalition?

13 A. No.

14 Q. Did you draft any of the terms and  
15 conditions?

16 A. No.

17 Q. I noted when Mr. O'Leary asked you at  
18 the outset about the role that the terms and conditions  
19 played or did not play in terms of your evidence, he  
20 asked you whether you adopted the rationale as part of  
21 your evidence, you both said yes.

22 He didn't ask you whether you adopted the  
23 specific wording of the terms and conditions as your  
24 evidence, he didn't ask you that.

25 Can I assume that you adopt the rationale

1 but that you do not and are not recommending to the  
2 Board that they adopt necessarily the exact wording of  
3 the terms and conditions that the particular rationales  
4 support?

5 A. No, that would be a mistaken  
6 assumption. Speaking for myself now, I adopt the  
7 specific wording of the terms and conditions that are  
8 listed in the witness statement.

9 Q. And Dr. Kubursi?

10 DR. KUBURSI: A. I would say the same,  
11 particularly in reference to the exact items that we  
12 have in the witness statement.

13 Q. I'm sorry.

14 A. We have exactly the points on the  
15 terms of reference that we referred to. Can I refer  
16 you back to my witness statement.

17 Q. I know the terms and conditions that  
18 are referred to there, Dr. Kubursi.

19 A. Sure.

20 Q. Do you have your overheads, Dr.

21 Victor?

22 MADAM CHAIR: What is the exhibit number,  
23 Mr. Freidin?

24 MR. FREIDIN: That would be 2113.

25 MADAM CHAIR: Thank you.



1 MR. FREIDIN: Q. And overhead No. 27--

2 DR. VICTOR: A. Yes.

3 Q. --is entitled: Practical  
4 Implications of Incorporating Non-Timber Values in  
5 Timber Management.

6 A. Yes.

7 Q. This is a reproduction I believe of  
8 page 37 of the witness statement but with one addition;  
9 is that correct?

10 A. Yes, that's correct.

11 Q. And the one addition is the addition  
12 of paragraph No. 4 which refers to coordination of  
13 routine data collections.

14 A. Yes.

15 Q. During your evidence in relation to  
16 this particular overhead in reference to Item No. 5  
17 that the proponent should initiate a research program  
18 in Ontario to develop generic estimates of non-timber  
19 values, you made the comment that you attach great  
20 significance to that particular matter.

21 Could you just tell me why you think it's  
22 necessary that there be such a research project to  
23 develop generic estimates, and perhaps before you do  
24 that, you can explain what a generic estimate is, just  
25 give some examples of that?

1           A. Yes, certainly. A generic estimate  
2 is an estimate of a value that can be used in a wide  
3 range of circumstances and provides a useful starting  
4 point for specific applications. Now, I believe  
5 that --

6           Q. Can you give me an example. That's  
7 sort of a theoretical explanation. Can you give me  
8 some examples of some of the generic kind of  
9 relationships that you had in mind when you said that  
10 Ontario should have a research program to develop such?

11          A. Yes. One of the items that was  
12 entered as an exhibit, the RPA Estimates, I could find  
13 the exhibit number for you if you want, but it was --

14          Q. No, that's okay.

15          MADAM CHAIR: Exhibit 2115.

16          DR. VICTOR: That's right. You'll find  
17 in that document estimates of values for specific  
18 activities taking place in specific regions, and these  
19 are generic estimates.

20          MR. FREIDIN: Q. All right. And where  
21 do I find those?

22          DR. VICTOR: A. You'll find these --

23          Q. Page 25.

24          A. --Table 6A, Table 6.

25          Q. All right. So the generic



1 relationships then that you have there in Table 6, on  
2 page 25 and the tables following are relationships in  
3 relation to, for instance, on page 25 hunting, fishing  
4 non-consumptive wildlife use?

5 A. Yes.

6 Q. And then they go on through those  
7 charts. Now, what is the relationship you're saying  
8 would have to be developed, the relationship between  
9 hunting and what?

10 A. These values show, for example, that  
11 in region 1 I'm looking now at the top line of Table 6  
12 on page 25.

13 Q. Yes.

14 A. Region 1, the value of an activity  
15 day -- actually, I'll come over to the righthand column  
16 where it says WFUD, a wildlife and fisher user day. In  
17 that region the generic value they're suggesting we use  
18 is \$87.36 for the year 1989 rising to \$96.97 in the  
19 year 2040 and these values have been estimated based  
20 upon a wide -- a ranging review of the literature.

21 Q. And so that those particular values  
22 would then be calculated for each of the regions based  
23 on information which was available?

24 A. Yes.

25 Q. Did they also obtain information, was

1 it a situation where some of these numbers were  
2 generated not based on existing information but where  
3 they had to go out and develop information to develop  
4 the generic relationship?

5 A. Well, not for this particular  
6 document I don't believe so, no, it was based upon  
7 previous work that was designed to assemble these kinds  
8 of estimates.

9 Q. And is the previous work which was  
10 relied upon, is it referred to in this document or do  
11 we have any idea?

12 A. Yes.

13 Q. What was relied upon?

14 A. Yes. One of the main sources is  
15 listed in the literature cited on page 31.

16 Q. Yes.

17 A. The last item, Walsh, Johnson and  
18 McKean.

19 Q. Yes.

20 A. It has been entered as an exhibit.

21 Q. Yes.

22 A. And some of the other items there I  
23 believe I either referred to - I don't know that we  
24 entered as an exhibit - but we referred to in my  
25 evidence.

1 Q. All right. And the Walsh article is  
2 Exhibit 2116 which is the document from Colorado State  
3 University?

4 A. Yes.

5 Q. And that is a document -- is this the  
6 document that looked at 285 or some such number of  
7 reports or studies?

8 A. Of estimates, yes.

9 Q. Now, why is it important that these  
10 sorts of generic estimates be developed, as you suggest  
11 in your evidence, through a research program to develop  
12 estimates of non-timber values that can be easily used?

13 Like, why do it in Ontario? I don't  
14 understand why you're making that suggestion and you  
15 attach such, you say, great significance to that  
16 particular one.

17 A. The value to be attached to specific  
18 activities can depend upon location and local  
19 circumstances. By local, I'm talking about -- that can  
20 still be a fairly large region, and so whilst the  
21 values that have been generated for use in timber  
22 management planning in the United States are certainly  
23 better than nothing, I think it would be very helpful  
24 to have a deliberate look at the Ontario situation and  
25 begin to develop similar types of generic estimates for



1 use here.

2 Secondly, I would like to say that the  
3 reason that I attach importance to it is because there  
4 is so much going on in this area.

5 Q. In this area, being in the area of  
6 economic valuation?

7 A. In the area of economic valuation.

8 Q. Yes.

9 A. That with a modest program in Ontario  
10 we would all become much better versed in these issues  
11 and knowledgeable about them.

12 Q. Right. And I understand that you --  
13 that the generic estimates would -- once you develop  
14 these generic estimates, the idea is that you would  
15 then use them in timber management planning?

16 A. Yes.

17 Q. Now, are you aware, Dr. Victor, of  
18 the forest values program which is underway as part of  
19 the Canadian Forestry program in the Ministry?

20 A. No, not under that name, no.

21 Q. Are you aware of any work being done  
22 as part of that initiative which is addressing the  
23 issue of doing economic valuation of various values in  
24 the province?

25 A. The only reference to work of that

1 sort that I've seen is contained in the draft terms and  
2 conditions presented by your ministry last year which  
3 referred to a plan, \$2,000 research program looking at  
4 socio-economic issues.

5 Q. I'm sorry, can you repeat that, what  
6 terms and conditions?

7 A. I'm referring to draft terms and  
8 conditions -- I'm sorry, I don't have an exhibit number  
9 written on here, but I will read the -- I will see if I  
10 can come up with the number. Draft terms and  
11 conditions submitted by Ministry of Natural Resources  
12 August 3rd, 1990 summary report.

13 Q. Okay, that's the predecessor, there's  
14 a more recent one. But without the exhibit number,  
15 what are you referring to?

16 A. I'm referring to a paragraph on page  
17 11 which says:

18 "MNR is committed to undertake an  
19 intensive review of the socio-economic  
20 analysis tools which are available and  
21 which would assist in the analysis of  
22 socio-economic issues relevant to timber  
23 management planning in Ontario."

24 Now, I don't know if that's the same  
25 piece of work you're asking me now to comment on or to

1 say whether I've heard about.

2 Q. So that is the only information then  
3 that you have regarding what's being done within the  
4 Ministry of Natural Resources in terms of the area of  
5 economic valuation?

6 A. Yes, though this of course is a  
7 proposal, not a statement of ongoing work.

8 Q. Now, as I understand your evidence,  
9 and I think you just repeated it, that if we in Ontario  
10 had nothing else other than the values set out in the  
11 Walsh document, Exhibit 2116, that that would be better  
12 than using no values at all, at least that is what you  
13 told me this morning, as I understand it.

14 A. Yes, but I wouldn't confine my  
15 comment to just the values that are in the Walsh study.  
16 We do have a literature of hundreds of estimates and it  
17 may be that specific estimates drawn from that  
18 literature might be better than a generic value in the  
19 Walsh study and, for example, the study that I've  
20 referred to that was done for Haliburton/Muskoka  
21 provides Ontario estimates of values that are relevant  
22 to timber management planning.

23 Q. All right. And that study dealt with  
24 a particular value; did it, it didn't deal with all the  
25 sorts of values which are listed in the RPA document,



1 it only dealt with one or maybe a couple of them?

2 A. Recreational fishing, yes, sport  
3 fishing.

4 Q. Sport fishing. And I understood  
5 you -- there was a series of -- I understood you to  
6 have said -- well, your counsel asked you about how the  
7 results of that Muskoka study which was dealing with  
8 the one value compared to some of the results in the  
9 Walsh study, and you indicated that it fell within the  
10 range.

11 Now, in northern Ontario can we agree  
12 that the density of population is different than many  
13 areas of the United States?

14 A. Yes, I think I would agree with that.

15 Q. Can we agree that a great deal of the  
16 area of the undertaking is an area which is unaccessed  
17 by road?

18 A. Yes.

19 Q. Can we agree that a lot of the  
20 information which would have been used for the purposes  
21 of preparing Exhibit 2116 would have involved areas  
22 which were accessed?

23 A. I'm sorry, is 2116 the --

24 Q. Pardon me, the RPA document.

25 A. Fine.

1 Q. Would be areas which were accessed?

2 A. Well, it would be based on areas that  
3 were accessed and areas that weren't accessed by road,  
4 yes, both would be included.

5 Q. Are you aware of what percentage of  
6 the areas used to prepare the RPA values involved areas  
7 where the majority, or the large majority of the people  
8 living in the area were Native populations?

9 A. No, I'm not aware of that percentage,  
10 no.

11 Q. And are you aware of whether any of  
12 the estimates or the literature which was referred to  
13 in Exhibit 2116 falls into that category?

14 A. No.

15 Q. Can you agree with the proposition  
16 that markets served by the tourist industry varies from  
17 one part of this province to another part?

18 A. It would help me to answer that if I  
19 could understand what you meant by markets in the  
20 context of that question.

21 Q. All right. Example, for instance in  
22 northwestern Ontario a good portion of the market is US  
23 based, but as you move further to the north and the  
24 east more of that tourism market is local residents,  
25 and maybe --

1                   A. You're saying then that people from  
2 different regions visit different parts of the  
3 province. Yes, I'm aware of that.

4                   Q. And sometimes you get a lot of U.S.  
5 tourists in one area but very few in another?

6                   A. Yes.

7                   MR. FREIDIN: One moment, please.

8                   Q. In relation to the RPA document,  
9 Exhibit 2115, am I correct that the kind of direction  
10 that is being given in that document is being given to  
11 the United States Forest Service and is to be used in  
12 the preparation of their -- I think you said, their  
13 timber management plans?

14                  DR. VICTOR: A. Yes, they're equivalent  
15 of timber management plans.

16                  Q. Right, and I understand from an  
17 answer to an interrogatory that you gave that when you  
18 refer to the timber management plans in the context of  
19 the United States Forest Service you're talking about  
20 their forest plans which are prepared for each of their  
21 national forests?

22                  A. I believe that's correct, yes.

23                  Q. Right. And if we look at your  
24 overhead No. 17 which is entitled Specific Applications  
25 of the Travel Cost Method for Timber Management, am I



1 correct that all of those items, except for No. 4,  
2 involve work used to generate values for the  
3 preparation of forest plans in the United States?

4 A. Yes, I think that's correct.

5 Q. And No. 4, that was prepared for a  
6 purpose other than the preparation of a specific forest  
7 plan in the United States; is that right?

8 A. Yes, it was prepared for the purpose  
9 of demonstrating the kind of methodologies that I've  
10 been giving evidence on were practical and useful.

11 Q. Okay. Could you turn to Exhibit  
12 2116, please, which is the Walsh document.

13 And you referred us to page 9 which is  
14 Table 1, and I read just a very short part of this very  
15 large document to try to get some understanding of what  
16 it was about, and I just want you to see if you can  
17 assist me, I'm sure you can, in relation to some  
18 difficulty I had.

19 If you turn to page 10, it says in the  
20 second full paragraph that:

21 "A number of problems should be  
22 considered before analysts can reasonably  
23 apply this information to policy  
24 decisions."

25 Do you know what they are referring to

1 when they refer to policy decisions there?

2 A. Well, I presume that it refers to  
3 decisions about policies.

4 Q. Can you give me any sense of the  
5 sorts of policies that the authors were contemplating  
6 when they made that statement?

7 A. Well, clearly the documents have been  
8 produced to look at relative values of different kind  
9 of activities, and so it's presumably the policy  
10 decisions relating to those kind of activities:  
11 Recreation, hunting, timber management.

12 Q. Give me an example of a policy  
13 decision in relation to recreation that might be  
14 affected by these sorts of results?

15 A. Well, I think we're talking about  
16 resource allocation and using these kinds of values,  
17 these kind of results in an evaluation of alternative  
18 uses of the resource.

19 Q. All right. And can you give me an  
20 example of what the output would be of a policy  
21 decision regarding allocation of resource use; can you  
22 give me an example?

23 A. I think it bears on the whole  
24 question of the use of lands for supplying timber verus  
25 other kind of services that can be obtained from the

1 land.

2 Q. If there was a decision that from a  
3 certain geographical area -- a decision was made that  
4 on a certain geographical area one wanted to have or  
5 would permit certain uses, say, recreation, tourism,  
6 hunting, and that the land would be available for those  
7 activities, that is the kind of decision you refer to  
8 when you're talking about allocation of lands to  
9 various uses?

10 A. Yes, that would do as an example.

11 Q. Now, the second problem that it says  
12 should be considered before analysts could usefully  
13 apply this information is referred to in the third  
14 paragraph on this page, and it says:

15 "Second, the approach does not reveal  
16 what is causing the extreme range in  
17 values, whether the variation in  
18 characteristics of users, quality of  
19 sites or research methods."

20 Now, am I correct that what these authors  
21 refer to as the extreme range in values are the ranges  
22 which are, in fact, described on the table on page 9?

23 A. Yes, that's correct.

24 Q. And if, in fact, one wanted to find  
25 out what was causing the variation, how would one go



1 about doing that?

2 A. Well, let me -- I'll do my best to  
3 answer your question, but just to be clear on this,  
4 whilst Table 9 in the furthest righthand column shows a  
5 range, you shouldn't be misled into thinking that all  
6 of the values that are estimated fall somehow  
7 uniformly within that range.

8 So that if you take the total at the top  
9 which gives a range of \$3.91 to \$219.65, what this  
10 tells us is that out of all of these hundreds of  
11 estimates there's one estimate out there which came up  
12 with a very low value of \$3.91 and another estimate at  
13 the other end of range that came out at \$219.

14 Q. Right.

15 A. And we can begin to understand why  
16 that range is there because different kind of  
17 activities are being valued.

18 Now, if you move to the column to the  
19 left of that you see that most of the values were  
20 actually clustering around -- in that much narrower  
21 range of \$30.68 to \$37.22.

22 So whilst it's possible to say, yes,  
23 you've got a very high number and a very low number, at  
24 the same time there's a clustering of estimates that  
25 emerge.

1                   Q. But, Dr. Victor, when I read that  
2 third paragraph and it referred to the extreme range in  
3 values, I assumed - and maybe incorrectly - but I  
4 assumed that it wasn't referring to the first line that  
5 you're referring to, but rather it was referring to an  
6 extreme range in relation to each of the specific  
7 values which are listed on the table.

8                   For instance, if we take the first one,  
9 camping, picnicking and swimming and we look at the  
10 range it's 705 to 46.69 and we go down the page, go to  
11 the bottom, wilderness 8.72 to 106.26, just to pick  
12 two.

13                   My understanding was that it was the  
14 range of the specific values which were being assessed  
15 that the authors were, in fact, making that comment --  
16 it was in relation to those that the author was making  
17 the comment.

18                   A. Yes, but I would say -- I would make  
19 the same point, take camping picnicking and swimming,  
20 again most of the estimates cluster within that \$16.61  
21 to \$23.67 range which is much narrower than the extreme  
22 values.

23                   Q. All right. Are we in a situation  
24 where neither of us know what the extreme range in  
25 values -- what's being referred to, or are we just, as

1 I say --

2 A. No, I'm just trying to clarify that  
3 there are two aspects here.

4 Q. I'm sorry.

5 A. Well, I was going to say, there is a  
6 wide range when you look across all the studies, in  
7 particular with respect to specific activities, though  
8 there still tends to be a clustering around some middle  
9 values.

10 Q. All right. These characteristics of  
11 users quality of sites, if you're trying to determine a  
12 generic value for any one of these particular subject  
13 matters, are those two of the things that you would  
14 have to examine or consider, the characteristics of the  
15 users and the quality of the sites?

16 A. You would like to see whether the  
17 characteristics of the users and the quality of the  
18 sites are significant factors in determining the  
19 values.

20 Q. All right.

21 A. Yes.

22 Q. All right. And are there other sorts  
23 of, if I can refer to them, generic characteristics  
24 that you would want to assess in determining generic  
25 values?



1                   A. These are certainly two of the main  
2 ones. The authors refer to research methods because it  
3 may be that differences in research methods that were  
4 used to generate the estimates lead to differences in  
5 the estimates.

6                   You see, it's precisely --

7                   MADAM CHAIR: Excuse me, Dr. Victor.

8                   DR. VICTOR: Yes.

9                   MADAM CHAIR: Wouldn't one example be, in  
10 the case of northern Ontario, that the value of a  
11 fly-in remote tourist opportunity is expensive, it's  
12 not a low cost sort of experience as opposed to, I  
13 don't know, family holidays by car. Those would have  
14 two quite separate values, one would be at the high end  
15 of a range and the other one would probably be at the  
16 other end.

17                  DR. VICTOR: Yes, I would interpret that  
18 as the quality of the site, you see, there's  
19 differences in sites that you're talking about and the  
20 knowledge that that would certainly make for a  
21 difference in the value to be attached to them.

22                  You see, it's precisely because of these  
23 kind of factors that - and I'm coming back to your  
24 initial question - that I strongly recommend a research  
25 program in Ontario.

1 I recognize that whilst these estimates  
2 from the United States - or primarily from the United  
3 States, because they did draw upon at least one  
4 Canadian source we're aware of - whilst they're better  
5 than nothing, we can do still better than that in  
6 Ontario with the same effort put into it.

7 MR. FREIDIN: Q. Okay. We go back then  
8 to the question about generic characteristics. You  
9 said that users and quality of sites were two sort of  
10 generic characteristics that you would, in fact,  
11 consider when trying to determine generic values. Are  
12 there others that you would put into that category?

13 DR. VICTOR: A. Well, I find those  
14 categories very broad, so there may be some other  
15 things that I haven't thought of. But I would think  
16 they would fit in those two things, either the sites  
17 are different or the users are different or both and  
18 that's what we would need to know about.

19 Q. Okay.

20 MR. MARTEL: Could I ask a question.  
21 When you get this wide range in one column and very  
22 narrow in the other column, if this processes down, I  
23 think Dr. Kubursi said to us yesterday, it's pretty --  
24 I think you said the same thing, we really know how to  
25 do these things better than we did 20 years ago.

1                   How could you get in the cluster so close  
2 and in the other ones so wide ranging if you're using  
3 all the same factors, or what factors in fact are being  
4 changed that give such wide diversity in these?

5                   I mean, it doesn't seem to me that that's  
6 a system, although we heard about it yesterday being  
7 pretty sophisticated, to get that wide a range, doesn't  
8 seem to be very sophisticated.

9                   DR. VICTOR: No. I suspect that what's  
10 happening here, if you take camping for example.

11                   MR. MARTEL: Okay.

12                   DR. VICTOR: As the authors have said, if  
13 you were to compares the results of two different  
14 studies you would find differences in the results for  
15 those three reasons: You may be looking at two  
16 different -- camping in two different places, so the  
17 kind of camp would be different, the kind of site would  
18 be different, the kind of people who go there would be  
19 different, and possibly two different studies would  
20 have used somewhat different methods, so that's why you  
21 would get a difference in the results.

22                   And what these authors have done is to  
23 assemble all of the studies, or at least all of the  
24 estimates that they could find and to make them as  
25 comparable as possible, because sometimes authors will

1 say: Well, I made this assumption, another author will  
2 say: Well, I made that assumption, so you can work out  
3 if they made the same assumption how it would bring the  
4 estimates together, or maybe make them further apart  
5 and that's all been done to do this.

6 So I don't think it's too surprising to  
7 find that the value of attached to camping derived from  
8 different sites will give you different answers, that's  
9 not a reflection, in my view, on the inadequacy of the  
10 methodologies, it would be the other way around,  
11 frankly; if we kept coming up with exactly the same  
12 value regardless of who was going there.

13 MR. MARTEL: Yes, but wouldn't it tend  
14 to -- I mean, if one looks at the first one, swimming,  
15 3.91 the range to 219.

16 MR. FREIDIN: Which one are we looking  
17 at, Mr. Martel?

18 MR. MARTEL: The first one at the very  
19 top. Oh, pardon me, that's the total. You go down the  
20 page, you can find such significant differences that  
21 it's -- well, you look at boating, \$10.26 and 183, I  
22 guess if you're using the Queen Mary as opposed to a  
23 punt you might have a difference, but that wide ranging  
24 in a -- how do you attach values that are meaningful.

25 I mean, do you just go all over the



1     ballpark and pick them out in terms of the camping --  
2     the experiences that we're talking about aren't those  
3     types of experiences, the Queen Mary versus a punt,  
4     we're talking about in a forest situation or adjacent  
5     to a forest area, how can it be that, the difference I  
6     guess is what I can't --

7             DR. VICTOR: Right. You see that's -- I  
8     like your interpretation. I think what you would find  
9     is a certain commonality of experience in Ontario--

10            MR. MARTEL: Yes.

11            DR. VICTOR: --and less variation in the  
12     values, and that would allow you to use generic values  
13     as a starting point.

14            In other words, if we were to develop  
15     similar estimates for Ontario, using Ontario data, we  
16     wouldn't find such a wide spread as you find when you  
17     analyse these values of overall experiences throughout  
18     the whole of the United States.

19            You see that's exactly why, as I say, I  
20     believe some effort should be put into developing  
21     equivalent estimates for this province.

22            MR. FREIDIN: Q. And can I take it from  
23     what you're saying then, Dr. Victor, that if you had  
24     these numbers here in this report, like, which have  
25     these wide ranges that Mr. Martel is talking about, it

1 would be very difficult to know where, within that  
2 range, you would pick a number which you would then try  
3 and use in Ontario?

4 DR. VICTOR: A. It would be difficult,  
5 but let's recognize that that's exactly the difficulty  
6 that was faced by the authors of Exhibit 2115, faced  
7 with the very same problem. They wanted to develop  
8 generic estimates for use in different regions for  
9 different forest-based activities, they're looking at  
10 the same wide range of estimates.

11 Q. And they took this information--

12 A. And chose --

13 Q. --based on American studies, broke it  
14 down by American national agencies into American  
15 regions based on some analysis. Is that what they did?

16 A. That's right. But it still didn't  
17 get rid of the problem that you're talking about, that  
18 is, that there's still a range of estimates out there  
19 from which they had to choose a generic value.

20 Q. Okay.

21 A. But their view was that the adoption  
22 of some positive value for these non-forest services --  
23 I'm sorry, non-timber services would result in a more  
24 even-handed comparison of non-timber values and timber  
25 values.

1 Q. Okay. You made the comment that  
2 research methods may affect value.

3 A. May affect the estimates.

4 Q. Estimates of the value. The estimate  
5 of value?

6 A. Yes.

7 Q. Therefore, if one was going to use a  
8 specific study for Ontario but it wasn't from Ontario  
9 it was in relation to a specific value, an estimate of  
10 a specific value, one would have to, in fact, assess  
11 the research methods which were used before you would  
12 just sort of holus bolus use the value?

13 A. Yes. I think it's exactly the same  
14 problem that is faced when you transfer knowledge  
15 gained in any other area.

16 A study may be done in Oregon that you  
17 wish to draw upon to do with how trees grow, again you  
18 would want to look at the research methods. That's  
19 nothing new in transferring the results from one area  
20 to another.

21 MR. FREIDIN: Can I just have one moment,  
22 Madam Chair.

23 Q. Can you turn to page 12 of this  
24 document please, Exhibit 2116?

25 DR. VICTOR: A. Yes.

1 Q. In the last full paragraph on the  
2 page, and I think you have to read it all, it says:

3 "In the early stages of this evolving  
4 process...", and the evolving process  
5 they're talking about here is the use of economic  
6 valuation?

7 A. No.

8 Q. What is the evolving process that  
9 they're referring to here?

10 A. I believe the process they're  
11 referring to here is the process of trying to assemble  
12 generic estimates based upon a wide range of estimates  
13 from the literature.

14 Q. Okay. They say in relation to that  
15 process then that:

16 "The critical problem will be to  
17 correctly specify the variables that are  
18 expected to influence the benefit  
19 estimates."

20 What do they mean by benefit estimates in  
21 that context?

22 A. They mean estimates of value.

23 Q. All right. It says:

24 "For if important determinants are  
25 omitted, the statistical equation will



1 not predict effects accurately, as  
2 illustrated by Allen et al. (1981)."  
3 It then continues and says:  
4 "Thus, the early review efforts should be  
5 treated with caution since by leaving  
6 important variables out of the regression  
7 analysis, they may attribute more or less  
8 of the variation to those that are  
9 included than would be the case with a  
10 more complete specification, as  
11 illustrated by Smith and Kaoru (1988)."  
12 Now, can you explain what that means in

13 English?

14 A. Yes, I'll do my best.

15 What they're trying to do in this study  
16 is to say: Look, there's a lot of estimates of what we  
17 have been referring to here as non-timber values in the  
18 literature, what is the best way to understand the  
19 differences in those estimates, and what's the best way  
20 then to draw upon that wide range of estimates to come  
21 up with standard typical generic values.

22 And the way they have gone about it is  
23 that they have used statistical analysis to analyse the  
24 results of these large numbers of studies -- this large  
25 number of studies.

1                   And so on the one side they have all of  
2                   the estimates of value for a particular use, on the  
3                   other side they have all the different reasons that  
4                   they can think of why you get those differences, they  
5                   could be to do with site, could be to do with  
6                   characteristics of the people, it could be to do with  
7                   the way the study was conducted.

8                   But it's that equation they're referring  
9                   to here and they're saying: Look, if we've missed out  
10                  something important that would explain the differences  
11                  in the estimates that are derived from the individual  
12                  studies, then our understanding of why those  
13                  differences exist will be flawed.

14                 Q. Can you turn to page 22, please.

15                 A. Right.

16                 Q. They really haven't changed the  
17                 subject matter, there's a heading at top of page 18  
18                 that talks about Statistical Results, so this  
19                 particular page was dealing, I guess, with the same  
20                 information but now more particularly in relation to  
21                 statistical results. So we have a sense of where we  
22                 are in the document.

23                 And on page 22, it says, halfway down  
24                 approximately of the first full paragraph starting at  
25                 the lefthand margin:

1 "Unfortunately, an insufficient number of  
2 studies have been completed to obtain  
3 more than a few estimates of value by  
4 this method. The agency requires benefit  
5 estimates for 19 national recreation use  
6 categories in nine Forest Regions for a  
7 total of 171."

8 And I take it the 19 items that we were  
9 referring to were the 19 items in Table 1 on page 9?

10 A. Yes, I think so.

11 Q. It says.

12 "However, only three of the 19 national  
13 recreation use categories and four of the  
14 nine Forest Regions are significant in  
15 the models fitted to data from the study  
16 sites."

17 What does that mean? What are they  
18 saying here?

19 A. That's saying --

20 Q. Because I got the impression -- all  
21 right, you tell me. It doesn't matter what I thought  
22 it was.

23 A. They are saying I think that, based  
24 upon the studies they reviewed, it was not always  
25 possible to come up with what they considered

1 statistically significant estimates for particular  
2 combinations of uses and regions.

3 Q. When I read it it sounded to me that  
4 only -- was it only three of the 19 national recreation  
5 use categories -- well, all right.

6 Well, what does that mean in terms of  
7 whether or not all nine regions have in fact prepared  
8 estimates of values in relation to each of the 19  
9 categories?

10 A. Okay. What it means is this, that  
11 what they were hoping to derive, what they were  
12 searching for were estimates of value for each of 19  
13 individual recreational categories for each of nine  
14 forest regions.

15 Q. Right.

16 A. Now, when they analysed the data it  
17 turned out that there wasn't -- that they concluded  
18 there wasn't statistically significantly different  
19 estimates to be derived for each of the 19 different  
20 uses.

21 Now, you can interpret that in different  
22 ways. One way of interpreting it is to say that,  
23 therefore, it's okay to use the same value for two or  
24 more different kinds of uses, in fact, the paragraph  
25 goes on to say - and they're referring here to



1 differences in the regions again - again, they were  
2 allowing themselves the possibility that there will be  
3 different value estimates for each of the regions for  
4 each activity, but they say at the bottom of the  
5 paragraph:

6 "The other regions may not differ  
7 significantly from the average...",  
8 which, in other words, says there might be less of a  
9 problem perhaps you're alluding to.

10 Q. All right. Well, I'm not trying to  
11 allude to any problem.

12 A. Well...

13 Q. You say that other regions may not  
14 differ and you said that one of the interpretations was  
15 the one you gave. What are some of the other  
16 interpretations that might equally be applicable?

17 A. Well, the other interpretation, with  
18 more information, more estimates, a difference might  
19 emerge, but it hadn't when they analysed the data in  
20 1988.

21 Q. Thank you. Could you turn to  
22 overhead No. 27, that's going back again to -- you  
23 referred to as Practical Implications of Incorporating  
24 Non-Timber Values in Timber Management.

25 In Item No. 2, somewhat different than

1 the witness statement in that here, after the item  
2 which says:

3 "Assembly of estimates of non-timber  
4 values that have already been made and  
5 which might be directly applicable to  
6 Ontario..." you have put in brackets,  
7 (currently compiled). Those words don't appear on  
8 page 37 of the witness statement, I don't think -- I'm  
9 not concerned about the difference, but I would like  
10 you to tell me what you mean by currently compiled?

11 A. Well, yes, that's perhaps a little  
12 misleading. Some of that has been done, and I'm aware  
13 of some of those studies that apply to Ontario.

14 Q. Now, some of that has been done. By  
15 whom has some of that been done?

16 A. Some of it's been done by VHB in its  
17 work.

18 Q. Are you aware of whether any of that  
19 has been done by any ministry of the Government of  
20 Ontario?

21 A. Well, most of the work by VHB was  
22 done for the Government of Ontario.

23 Q. All right. Which ministry were you  
24 doing the work for in that respect?

25 A. Ministry of the Environment.

1 Q. Now received your report.

2 A. You know, Mr. Freidin, I wonder if  
3 you would mind, I didn't really complete what I wanted  
4 to say about this Walsh study.

5 Q. Go ahead.

6 A. Particularly since we got into a  
7 discussion of the Walsh study, because it was one of  
8 the sources for the generic estimates.

9 Q. The generic estimates being the ones  
10 referred to in the chart?

11 A. In Exhibit 2115.

12 Q. Okay.

13 A. The people who did -- who produced  
14 Exhibit 2115, as I said, face some of the problems that  
15 emerge when you look at the Walsh study, that's not the  
16 complete work and they recognize it's a developing  
17 area, but there are a number of references in this  
18 study in the literature cited which post-date the Walsh  
19 study.

20 In other words, the generic estimates  
21 that appear in Exhibit 2115 are not based entirely or  
22 exclusively on Walsh, they're based upon several other  
23 studies which go a long way to filling the kind of  
24 gaps--

25 Q. Mm-hmm.

1                   A. --that we were looking at in the  
2       Walsh study. In particular, the study by McCollum and  
3       others in 1990 which is the last one on page 30 of  
4       Exhibit 2115.

5                   Q. Was that a document which reviewed or  
6       referred to additional studies?

7                   A. No, this was actually a new study  
8       that simultaneously estimated value of recreation in  
9       national forests throughout the U.S. based on nine  
10      regions and 12 types of primary activities.

11                  Q. All right. So that would sort of be  
12      something similar to the kind of research you're saying  
13      Ontario would do if they, in fact, developed generic  
14      relationships?

15                  A. That approach could be looked at,  
16      yes.

17                  Q. All right.

18                  A. The second thing I would say in  
19      respect to the Walsh study is that whilst we were sort  
20      of moving from camping to other activities, they  
21      comment that the travel cost method which I spoke about  
22      in my evidence has been successfully applied to what  
23      they call intermediate areas, those areas within a  
24      hundred, 150 miles travel - which I think you'll find  
25      covers a lot of the kind of recreational activities for



1 which the forests of Ontario are used - and that most  
2 of the studies that they reviewed fall in those two  
3 categories, hunting and fishing.

4 Although they've covered off, you know, a  
5 large number of activities, the majority of the studies  
6 reviewed - it's about 55, 60 per cent of all the  
7 studies - deal specifically with hunting and fishing.  
8 So I just wanted to add that to complete the picture.

9 Q. I appreciate the clarification.

10 The Muskoka study that it refers to, what  
11 was the purpose for that study being prepared, what  
12 sort of decisions were contemplated being made based on  
13 that kind of information?

14 A. There were two decisions that were  
15 being contemplated. One was whether, and the extent to  
16 which, Canada should take unilateral action to deal  
17 with acid rain; and, secondly, how best to formulate a  
18 strategy for negotiating with the Americans on acid  
19 rain.

20 Q. Okay, thank you. You refer to  
21 overhead 23.

22 A. Yes.

23 Q. These are, as identified, Examples of  
24 the Routine Use of Non-Timber Values in Resource  
25 Management.

1 A. Yes.

2 Q. Am I correct that all three of the --  
3 well, the first three references deal with either  
4 individual projects or unique one-time estimates; in  
5 other words -- do you understand the question?

6 A. Could you give it to me again,  
7 please.

8 Q. All right. In No. 3, the Ontario  
9 Hydro one--

10 A. Yes.

11 Q. --you say that they include estimates  
12 of the value of environmental damages caused by power  
13 generation in this application. What sort of  
14 information do they provide to the National Energy  
15 Board?

16 A. They provide estimates of the damages  
17 as measured in terms that I've been talking about at  
18 this hearing, damages to aquatic systems, to  
19 terrestrial ecosystems, to human health, to buildings  
20 and materials.

21 DR. KUBURSI: A. Fish.

22 DR. VICTOR: A. Fish would be included  
23 in aquatic.

24 Q. Okay.

25 A. And your question was whether that --

1 or your original question seemed to be whether that was  
2 sort of a single purpose set of estimates. I can  
3 clarify that for you.

4 This, in fact, is the second in a  
5 sequence of estimates, it's done every time Ontario  
6 Hydro applies for an export licence. The previous  
7 application was 10 years ago and it's now taken to be a  
8 routine requirement to satisfy the National Energy  
9 Board that these kinds of estimates are brought  
10 forward.

11 Q. Thank you. Dr. Kubursi, you  
12 indicated very early on in your evidence that most  
13 economic models tend to be at the aggregate level.

14 Now, when you made that comment, were you  
15 referring to -- well, what sort of economic models were  
16 you referring to, and why do they tend to be at the  
17 aggregate level?

18 DR. KUBURSI: A. I was referring  
19 primarily to impact, economic impact studies.

20 Q. Yes, okay.

21 A. And when I said they are at the  
22 aggregate level, I meant that they are at the  
23 provincial level.

24 Q. And why is that?

25 A. Because we don't have much data on

1 the subprovincial levels like counties.

2 Q. And why does the lack of data have  
3 any effect on the level at which you use the tool?

4 A. The data I'm talking about is  
5 input-output data, interindustrial data, the way  
6 sectors relate to one another.

7 The input-output data Statistics Canada  
8 generates is for the Canadian economy at large, and  
9 this is on a yearly basis, and then for the provinces,  
10 and this is on five years basis. No data,  
11 interindustrial data is available or produced at lower  
12 aggregates of that.

13 Q. You were indicating in your evidence,  
14 though, I thought that your impact analysis,  
15 notwithstanding the lack of data sort of being  
16 aggregated below the province, could be used for  
17 geographical areas smaller than the province?

18 A. Yes.

19 Q. And so I'm somewhat confused by that.

20 A. There is no need for confusion  
21 because it's simple.

22 Q. Good.

23 A. Well, I'll try to explain. What  
24 happened is that many economic impact analysis tend to  
25 do -- in the States particularly and invariably also in



1 Canada, is that people would take the provincial  
2 input-output, introduce the expenditures in a  
3 particular region, and assume the same technological  
4 information that is true at the provincial level is  
5 also true at the local level. I don't do that.

6 Q. Why don't you do that, what do you  
7 do, if anything?

8 A. Well, I don't do this because each  
9 region has a different economic base and it's  
10 inappropriate to believe that in the north you have the  
11 same industrial structure and base that is present in  
12 the south. I'll try and have prepared estimates on the  
13 local economic base at the county level?

14 Q. And when you talk about local  
15 information at the county level, are you talking about  
16 counties in southern Ontario or -- they don't have  
17 counties I don't think in northern Ontario.

18 A. No, they do. Counties?

19 MR. MARTEL: Not in northern Ontario.

20 DR. KUBURSI: Yes Kenora, Rainy River.

21 We call them --

22 MR. MARTEL: You mean districts.

23 DR. KUBURSI: Districtis.

24 MR. FREIDIN: Q.. All right. So when you  
25 were talking then about local -- all right, local

1 information and doing the model at the local level, and  
2 you were talking about northern Ontario, you weren't  
3 talking about counties you were talking about  
4 districts?

5 DR. KUBURSI: A. Right.

6 Q. And when you talk about the District  
7 of Kenora, I know what Kenora District is to the  
8 Ministry of Natural Resources, are you talking about  
9 the same district, are you talking about some other  
10 district?

11 A. No, I think I'm talking about the  
12 same district. These are statistical -- they are  
13 political districts, but they have become also  
14 statistical districts in the sense that Statistics  
15 Canada produce numbers for the District of Kenora--

16 Q. Right.

17 A. --as a district.

18 Q. Right. There's a map behind you, and  
19 I apologize for my ignorance of Ontario geography, does  
20 it show the districts?

21 A. Yes.

22 Q. And how many districts do we have --

23 A. In Ontario?

24 Q. Well, in the area of the undertaking.  
25 Now, the area of the undertaking is on this map behind

1 the -- can somebody put this thing down. Can we put  
2 the -- and maybe we could just take that out.

3 MR. O'LEARY: Exhibit 82.

4 MR. FREIDIN: Q. Exhibit 82 has been  
5 sitting here for a long time, Dr. Kubursi, and no one  
6 has referred to it.

7 But it outlines the area of the  
8 undertaking. And in terms of sort of the area, let's  
9 take it from Timmins to the Ontario border, how many  
10 districts do we have, the kind of districts you were  
11 referring to, approximately?

12 DR. KUBURSI: A. About seven.

13 Q. And could you give me an approximate  
14 geographical area of those districts. I see some are  
15 smaller.

16 A. Well, yeah, I tell you. Muskoka  
17 northwest, we have Rainy River, Kenora, Thunder Bay,  
18 and then you come to the northeast, you have  
19 Kapuskasing and you have Timmins and you have Sudbury  
20 and Algoma.

21 Q. Okay. And do you have ready access  
22 to, or can you off the top of your head give me an  
23 approximate geographical area of each of those  
24 districts?

25 A. Not off the top of my head.

1 Q. Would you be able to do that for me?

2 A. I mean, I could easily open -- I  
3 think you might really have with you the table here  
4 that was prepared by Statistics Canada and I can  
5 provide it.

6 Q. It has that information?

7 A. And provides it really on counties  
8 and districts--

9 Q. Oh, all right. Well, can you just  
10 read off --

11 A. --that are within the area of the  
12 undertaking.

13 Q. Just go to particular districts.

14 A. What do you want to know?

15 Q. Well, take the ones starting on the  
16 westerly edge of the area of the undertaking and could  
17 you read off for me the area of each of the districts  
18 that you've referred to, that you say are within the  
19 area of the undertaking.

20 A. Can I ask the counsel because they  
21 have the next one. This is -- I need the... Well, you  
22 see -- do you have it? No, it's with you.

23 Q. Maybe we can deal with that during  
24 the break.

25 A. Yeah, maybe we should.



1 Q. And we might even make a copy of that  
2 particular page, that would be a lot easier.

3 A. But this particular information is  
4 available.

5 Q. Sure.

6 A. I can name at least five statistical  
7 catalogues that Statistics Canada put forward from the  
8 census and from the various reporting mechanisms, they  
9 report on population.

10 Let me give you some indication just  
11 quickly what sort of variables do we have. We have  
12 population, we have area, we have dwellings classified  
13 by type of dwelling, we have the labour force and the  
14 participation rates, women, children, unemployment by  
15 age, we have the industry divisions, and then we have  
16 income composition and, you know, some other variables  
17 that were --

18 Q. All sounds very interesting and I  
19 think what we'll do is we'll just find the most  
20 up-to-date one we can and we will just file it as an  
21 exhibit.

22 A. Sure.

23 Q. All right. Dr. Kubursi, would you  
24 agree that the type - and this may also be applicable  
25 to your evidence as well Dr. Victor - would you agree

1 that the type and availability of alternatives affects  
2 your willingness to pay or willingness to accept  
3 analysis?

4 DR. VICTOR: A. Yes, I would agree that  
5 the type and availability of alternative will affect  
6 the estimates of the value of any one particular  
7 option, yes.

8 Q. Would you agree that alternatives  
9 outside a particular forest management unit will affect  
10 the relative value put on a particular situation or  
11 within a forest management unit?

12 A. Yes, and both with respect to timber  
13 and non-timber, yes.

14 Q. And would you agree then, as forest  
15 structure changes within and outside a forest  
16 management unit, the relative value can change within  
17 any particular forest management unit?

18 A. Yes, it could and, again, I would  
19 just for clarification say that implies to both timber  
20 values and non-timber values.

21 Q. Right. I would suggest, Dr. Victor,  
22 that if that is true then you wouldn't want to model or  
23 predict economic values based on a consideration of  
24 what was occurring on one forest management unit only--

25 A. I think what you're --

1 Q. --in isolation.

2 A. You would want to include in such  
3 estimates information on alternatives, yes, exactly as  
4 we did in the Haliburton/Muskoka study.

5 Q. Right. And you would want to look at  
6 alternatives outside the particular forest management  
7 unit because what was going on there and what was there  
8 in terms of alternatives would affect the value that  
9 one would put on the situation or on a certain value  
10 within the forest management unit; is that right?

11 A. Yeah, that's correct.

12 Q. And if that is the case, can we just  
13 turn to -- all right. If that is the case then,  
14 wouldn't it make sense that the planning process within  
15 which you would want to consider environmental values  
16 would be one which would look at an area larger than  
17 just the forest management unit?

18 A. Well, no, I don't think that follows  
19 at all. I think what I understand you were asking a  
20 moment ago, I mean, just follows that the value of a  
21 gain or loss in, let's say, a recreational opportunity  
22 in a forest management unit--

23 Q. Right.

24 A. --the value of that change will  
25 depend on what alternatives are available both within

1 the area and outside the area.

2 Q. Right.

3 A. That we agree on.

4 Q. Yes.

5 A. But that doesn't mean that it makes  
6 no sense to do an evaluation study for an individual  
7 FMU if that is the level at which the plan is being  
8 developed.

9 Q. Okay. But if you're developing the  
10 plan at that FMU level and you acknowledge that what  
11 you decide there can be affected by what goes on next  
12 door, what goes on next door can obviously affect what  
13 goes on here.

14 Now -- so if we had five management units  
15 and they were all in a cluster, they all were  
16 contiguous but they all planned for their FMU at  
17 different times, one each year, what would happen on  
18 decisions made on No. 1 would affect the alternatives  
19 on 2, 3, 4 and 5?

20 A. It could.

21 Q. And what happened on 2 obviously  
22 would affect it, but now it could affect the  
23 alternatives available for 3, 4 and 5?

24 A. It could, yes.

25 Q. And, in fact, by the time you get to



1 No. 5 if, in fact, you made decisions based on the  
2 preferences of the people on forest management unit 1,  
3 2, 3, and 4 there may not be a lot of options available  
4 for forest management unit No. 5.

5 A. Mr. Freidin -- sorry.

6 Q. And it's because of that concept that  
7 I'm suggesting that the base at which you really look  
8 at environmental values as you've discussed because  
9 this interaction is not on the individual FMU basis but  
10 is on a larger basis so that you can make the kinds of  
11 policy decisions that you described to me at the outset  
12 of your evidence.

13 A. I can answer your question in two  
14 ways. First of all, the general issue that you're  
15 raising that the economic value of something depends  
16 upon alternatives, that runs right across all estimates  
17 of economic value, whether that's with respect to  
18 non-timber values or timber.

19 I mean, what B.C. decides to do with  
20 timber will affect or could affect the value of timber  
21 in Ontario.

22 Q. So I'm more concerned about bringing  
23 it down to the ground and to the real world.

24 A. So -- no, this is the real world,  
25 this is very much the real world.

1 Q. Well, I know, theoretically, but I  
2 want to apply that theory and those truisms to the real  
3 world in terms of, what do you do now in terms of  
4 planning?

5 A. The second part of my answer is that  
6 the attraction of a multi-site travel cost method that  
7 I illustrated with just the two sites and two  
8 destinations, and I showed how a decision to open an  
9 access road can make a new site available to  
10 recreationists and that has ramifications for all the  
11 other sites, and can affect the estimate of value, that  
12 methodology is perfectly suitable for the kind of  
13 problem that you've described, and I think all you're  
14 really asking me is that if you were to look at a  
15 particular forest management unit would you look at  
16 just the sites where non-timber values are most  
17 important within the forest management unit, and the  
18 answer is, no, you would look at sites outside as well.

19 You've also asked I think, that it may be  
20 quite appropriate in some circumstances to do a  
21 multi-site economic analysis covering several FMUs at  
22 one time. That might make a lot of sense.

23 Q. What would the sort of -- give me  
24 some reasons that you think might, in fact, indicate  
25 that that would be a good idea?

1                   A. The sort of reasons would be, first  
2 of all, it may be a cheaper way to get useful results.  
3 Instead of doing a hundred individual studies, we might  
4 be able to do a smaller number of studies covering a  
5 large number of FMUs but nevertheless have results that  
6 can be applied to each FMU.

7                   Q. Right.

8                   A. Yes, okay, Dr. Kubursi - I don't know  
9 if you want to make that point. It might make for a  
10 more suitable, or easier comparison with economic  
11 impact analysis, that you might want to look at  
12 economic impacts on an area that's larger than an  
13 individual FMU.

14                  Q. And as I understand it from your  
15 evidence, Dr. Kubursi, economic impact analysis is  
16 usually on a district basis?

17                  DR. KUBURSI: A. Right, and this might  
18 relate to two or three FMUs within one district.

19                  Q. Why would it be useful to have sort  
20 of the analysis then at the same sort of geographical  
21 scale, Doctor?

22                  A. Because they relate to the same  
23 economic base.

24                  Q. And is that important then for -- is  
25 that important, that in fact the analysis be at the

1 same economic base in your view, Dr. Kubursi?

2 A. Right, because then you might avoid  
3 here double counting things that might be common to  
4 both.

5 Q. All right. Anything else, Dr.  
6 Victor?

7 DR. VICTOR: A. You better take me back  
8 to the question, Mr. Freidin.

9 Q. Reasons that you think it might be  
10 advisable for the economic valuation to be done on a  
11 larger base, geographical base than one FMU. You  
12 mentioned -- I think we have got three reasons now.

13 A. I've given a couple of reasons. I'm  
14 not sure these reasons are intended to make anybody  
15 conclude that that's definitely the way to go. There  
16 are reasons why you might want to do it though at a  
17 larger area; there are reasons why you might not want  
18 to do it at a larger area.

19 Q. Now, Dr. Kubursi, when you gave your  
20 evidence there was a discussion - I'll try to put this  
21 in context for you - there was a discussion with Mr.  
22 Martel about using economic valuation data from the  
23 United States and applying it to northern Ontario  
24 context.

25 And during that discussion you said, in



1 any particular management unit framework, if there will  
2 be a proportionate change, the impact on tourism should  
3 be looked at through a number of indicators.

4 Now, what did you mean by a proportionate  
5 change in that context?

6 DR. KUBURSI: A. I'm sorry, I don't  
7 recall that exact discussion with Mr. Martel that  
8 something happening in the States can --

9 Q. All right. Let's forget about the  
10 context. I've got you down as saying, in any  
11 particular management unit framework, if there will be  
12 a proportionate change, the impact on tourism should be  
13 looked at through a number of indicators.

14 A. Right.

15 Q. Now, what did you mean by  
16 proportionate change in that context?

17 A. Well, if there is anything that I  
18 meant why in that context was that we're talking about  
19 the forest producing a joint product and what we're  
20 talking about here is the case where there might be  
21 conflict and that if there is you can't judge and  
22 compare non-comparables, you really have to put the  
23 matter on a proportionate basis.

24 So that I'm talking about a hundred  
25 million dollars of loss in tourism, I cannot compare it

1 to a billion dollar activity in something else, it has  
2 to be on a common proportionate basis.

3 Q. And what is the common proportionate  
4 basis that you get through your --

5 A. Well, there is really --

6 Q. What is the common proportionate  
7 basis that you're referring to?

8 A. Well, you could do it a number of  
9 ways. One way would be dollars.

10 Q. Would be...?

11 A. Dollars.

12 Q. Dollars, yes.

13 A. Money. I mean, we're comparing  
14 hundred million to hundred million, they're comparable.

15 Q. Right.

16 A. The other one could be space. We're  
17 talking about a particular acreage, particular  
18 distance. What you really need here is that  
19 comparisons ought to be made on common standard basis,  
20 you can't compare different things.

21 Q. All right. Now you, gentlemen,  
22 because I assume that you're economists, have used  
23 dollars and are familiar with using dollars as the  
24 standard basis of comparison.

25 A. I think everybody does.

1 Q. Do people use these other methods,  
2 space, or...

3 A. Well, indeed. I mean, sometimes  
4 economists also speak about reality and physical  
5 spaces, yeah.

6 I mean, when we talk about employment we  
7 don't talk about it in dollars, we talk about it in  
8 person years, when we're talking about production, we  
9 talk about it in tonnes. I mean, we don't talk about  
10 dollars only.

11 Q. All right. Let me sort of follow up  
12 on something else you said. You said where there might  
13 be conflict--

14 A. Yeah.

15 Q. --you can't judge and compare on a  
16 different basis, you need a standard basis for  
17 comparison.

18 You also said in your evidence that you  
19 would like tourism to be a complement not a replacement  
20 for the forest industry. Only at the margin of  
21 conflict in the TMP, then the kind of questions we talk  
22 about become relevant.

23 You also said -- during the  
24 cross-examination by Ms. Swenarchuk for Forests for  
25 Tomorrow you said you agreed that it was better to

1 carry on more than one activity without conflict and  
2 you said, when they don't co-exist these tools become  
3 sharp and more useful and there we have to look at  
4 alternatives.

5 And, Dr. Victor, you said in your closing  
6 remarks that things should be looked at on a case by  
7 case basis depending on the particular circumstances.

8 Now, when you say something should only  
9 occur at the margin, only at margin of conflict in  
10 timber management plans, then the kinds of questions we  
11 talked about become relevant, what did you mean by  
12 conflict?

13 DR. KUBURSI: A. Well, I meant here  
14 things are very similar. If I can do more than one  
15 thing on the same space and doesn't conflict,  
16 everything is additive, there's no subtraction, then so  
17 good and it's for the better.

18 I mean, I really shouldn't be worrying  
19 about it. I might be interested in looking at what the  
20 implications are, I may be concerned to see what sort  
21 of jobs, what sort of income is adding, but everything  
22 is additive.

23 I'm saying that things are additive and  
24 when they're additive, as economists, we're getting  
25 more from that physical space, from that physical



1 limited space, we're getting more bangs for our dollars  
2 from our space and because nobody is going to be  
3 unhappy about this, we will all be happy.

4 The trouble arises -- sorry.

5 Q. No, go ahead.

6 A. The trouble arises when there is a  
7 conflict. When one -- if you increase one activity,  
8 you are going to diminish another one and then you have  
9 to compare.

10 Q. Are you saying then that whenever two  
11 activities occur on the same land base you necessarily  
12 have conflict and, therefore, you should do the  
13 analysis?

14 A. No, you're saying that.

15 Q. No. You're not saying that?

16 A. I didn't say that, I said it may or  
17 may not.

18 Q. All right then. If, in fact, the  
19 existence or the potential -- well, if the existence of  
20 conflict is a precondition to the necessity of using  
21 these tools, you say then, when that occurs these kinds  
22 of questions we talked about become relevant, what are  
23 the criteria one uses to determine whether there are  
24 such conflicts so you have got to say: Yeah, now we  
25 have got to use the tool?

1                   A. I didn't say precondition, I said  
2                   they become sharpened, become more relevant. I mean,  
3                   they could be still relevant for the community to know  
4                   even when it gets additive and what are the total  
5                   impact of the jobs on the communities of the combined  
6                   activity.

7                   But I said, if comparisons are to be  
8                   made, then these tools become very sharp because we are  
9                   able here to provide perspective -- one of all these  
10                  perspectives.

11                  That's the message we want to convey  
12                  here, to decide on the relative merits and advantages  
13                  you get from both activities.

14                  Q. But, Dr. Kubursi, I acknowledge - and  
15                  to be fair to you that's why I read all of the various  
16                  statements you made in this regard - and there is no  
17                  question you said, when they don't co-exist, you mean  
18                  two activities, conflict the tools become sharp and  
19                  more useful.

20                  A. Yeah.

21                  Q. There we have to look at  
22                  alternatives.

23                  A. I mean, the way --

24                  Q. I still suggest to you in your  
25                  evidence, even there, and when you said only at the

1 margin of conflict in timber management plans, then the  
2 kinds of questions we talked about become relevant,  
3 that really your evidence was -- you were saying that  
4 you don't have to use this tool all the time for every  
5 activity in a timber management plan, you do it where  
6 you have, or you've reached the margin of conflict.

7 Is that not a correct interpretation of  
8 your evidence?

9 A. No.

10 Q. Well, then if it's not a correct  
11 interpretation of your evidence -- you told me just a  
12 few minutes ago that you don't have to make this  
13 analysis everywhere, you do it only where there is a  
14 margin of conflict, and you said -- pardon me, pardon  
15 me, sorry. You said that conflict doesn't exist  
16 necessarily where you have two activities going on in  
17 the same area; is that correct?

18 A. Maybe I misspoke myself. Let me make  
19 myself very clear.

20 Q. That's what I want.

21 A. And I will. My intention was that  
22 these tools are still relevant when things are still  
23 additive, they become more relevant, they become  
24 sharper, they become all the more necessary when we  
25 have conflict because then we're forced to compare.

1 Q. And what are the criteria that you  
2 use to determine whether there is a conflict so that  
3 you can make the determination whether this tool  
4 becomes more relevant?

5 A. Yeah. Well, I mean, I don't have to  
6 tell you this because once there's conflict we know  
7 about, the stakeholders will come, they will speak  
8 loudly, there will be really conflicting claims, and in  
9 the cases of remote tourism, this has arisen when some  
10 of the timber cutting or type of cutting has come too  
11 close.

12 So in that sense we are called upon in  
13 the timber management process to deal with these  
14 conflicts, and this is the case where I think these  
15 tools become so relevant.

16 Q. Okay.

17 MADAM CHAIR: Are you going to a new  
18 area, Mr. Freidin?

19 MR. FREIDIN: I'm sorry?

20 MADAM CHAIR: Are you moving to a new  
21 area?

22 MR. FREIDIN: Soon but not yet.

23 MADAM CHAIR: It's break time.

24 MR. FREIDIN: Oh. All right, sure.

25 MR. MARTEL: Time flies when you're



1 having fun.

2 MR. FREIDIN: Sure does.

3 MADAM CHAIR: We will be back in 20  
4 minutes.

5 ---Recess at 10:30 a.m.

6 ---On resuming at 10:55 a.m.

7 MADAM CHAIR: Please be seated.

8 MR. O'LEARY: Madam Chair, just perhaps  
9 before Mr. Freidin starts I should identify the fact  
10 that we've now distributed several of the remaining  
11 exhibits that were marked yesterday, that includes the  
12 complete copies of Exhibits 2120, which is the Economic  
13 Impact of Remote Tourism Industry, the Upper and Lower  
14 Spanish Forest, and Exhibit 2121, which is the  
15 Indicators of the Primary Impacts of Transportation  
16 Improvements.

17 We've also distributed a copy of Exhibit  
18 2125 which you recall we reserved that number for the  
19 hard copy of Dr. Kubursi's computer presentation in  
20 respect of his MTR computer model, and Exhibit 2123,  
21 which is the Provincial Park User Manual of Dr.  
22 Kubursi's.

23 MADAM CHAIR: All right. This is the  
24 Provincial Park User Manual?

25 MR. O'LEARY: That's correct.

1 MADAM CHAIR: And this is exhibit...?

2 MR. O'LEARY: 2123.

3 MADAM CHAIR: Exhibit 2123. And which  
4 exhibit number did we reserve for Dr. Kubursi's...

5 MR. O'LEARY: 2125.

6 MADAM CHAIR: Thank you.

7 MR. O'LEARY: Just to identify the two  
8 documents for the record, it's an eight-page document  
9 with a date of February 25th, 1992, the first page  
10 indicating visitors expenditures portion.

11 Exhibit 2123 is the user manual, the  
12 first page being the table of contents, and it's a  
13 bound document with a substantial number of pages.

14 MR. FREIDIN: Okay.

15 MADAM CHAIR: Mr. Freidin.

16 Excuse me, Mr. Freidin. Are you going to  
17 be finished by noon today?

18 MR. FREIDIN: I'm going to try. It will  
19 be close.

20 Q. Dr. Victor, your overhead No. 16 -  
21 which I've marked up, it doesn't look the same any  
22 more - that's the one where you have Evaluation of  
23 Alternative Access Corridors.

24 DR. VICTOR: A. Yes.

25 Q. And I think you said in your evidence

1 that if you put the road to a combination of uses,  
2 logging and tourism, then in fact a road might be  
3 justified, or the cost of the road might be justified  
4 sort of economically because you were, in fact,  
5 creating two benefits; is that right?

6 A. That's a possibility, yes.

7 Q. And the analysis which you would do  
8 that would indicate that there might be a value in  
9 terms of the tourism -- let's say it's this example  
10 where you have a remote tourism lake, that you might  
11 have a very high value put on that road accessing that  
12 particular lake, notwithstanding there was a remote  
13 tourist operator on there, because there was a very  
14 strong and large group of anglers and hunters who  
15 wanted access to that area; is that correct?

16 A. That's possible, yes.

17 Q. And that the economic value, if you  
18 were just looking at people within the unit, you would  
19 have that one tourist operator whose voice may get lost  
20 within the evaluation exercise because he was only one  
21 person against all these anglers and hunters; is that  
22 correct?

23 A. Well, I don't know if he would get  
24 lost, but there's the possibility that his or her  
25 interests aren't coincident with those of the co-users.

1 Q. Right. And if they weren't  
2 coincident with most of the users of the forest, then  
3 the economic valuation exercise would indicate, put the  
4 road towards the lake, give access to the lake?

5 A. It could result in that.

6 Q. Dr. Kubursi, on the other hand, if  
7 you were doing an economic impact analysis in the same  
8 situation your economic impact, assuming you did one  
9 there, might say: No, let's keep the road away because  
10 of the expenditures on the tourist operator the  
11 economic impacts are greater there than if we put the  
12 road to the lake; is that right?

13 DR. KUBURSI: A. It could.

14 Q. So you could have a conflict then  
15 between the results of your economic valuation and your  
16 economic impact analysis in terms of providing a  
17 direction as to what you should do.

18 I know they don't make the decision, but  
19 they're pushing you in different directions; is that  
20 correct, in that example?

21 DR. VICTOR: A. Yes, that's possible.

22 Q. And when you get in that situation  
23 and you've done an economic valuation and you've done  
24 these economic tools and you've got that sort of  
25 situation, how does a decision get made?



1                   A. Well, I'm glad you asked that  
2 question because I think it's a very important one.

3                   What we're saying is that in developing a  
4 timber management plan it makes very good sense to look  
5 at alternative possible plans and alternative plans  
6 will have different effects on the forest structure  
7 and, therefore, different effects on the capacity of  
8 the forest to supply timber and to supply all of the  
9 non-timber values that we've talked about.

10                  And what we've put before you are two  
11 important methodologies; on the one hand valuation  
12 methodology, on the other hand impact assessment  
13 methodologies, that can be used to assist in the  
14 comparison of the alternatives.

15                  Now, how the decision ultimately gets  
16 made, I think takes you into the nature of the planning  
17 process you're talking about, and that's not really  
18 something that I would say I'm an expert on.

19                  All I'm saying, therefore, that I think  
20 that the information on comparative values and  
21 comparative impacts is essential for anybody in any  
22 process to make a reasonable comparison of the  
23 alternatives.

24                  DR. KUBURSI: A. May I add one thing?

25                  Q. Sure.

1                   A. There is also here the chance of  
2           having a quantitative assessment of alternatives, so  
3           we're aiding their decision-making. We're not making  
4           the decision, we're giving a solid, or hopefully more  
5           solid than is the case, of a base to make  
6           information -- to make decisions on.

7                   Q. Can you turn to term and condition  
8           No. 30 of the Coalition, please. This deals with  
9           access roads.

10                  DR. VICTOR: A. Yes.

11                  MADAM CHAIR: Is this condition No. 39?  
12           Oh, is this MNR or OFAH?

13                  MR. FREIDIN: No, this is the  
14           Coalition's.

15                  MR. MARTEL: Which one?

16                  MR. FREIDIN: Page 6, term and condition  
17           30.

18                  MADAM CHAIR: Page 6. We don't have a  
19           term and condition 30. T and C No. 30 deals with  
20           special habitat management, condition 39 deals with  
21           access roads.

22                  MR. FREIDIN: 30.

23                  MR. HANNA: Arabic.

24                  MR. FREIDIN: Arabic 30.

25                  MADAM CHAIR: That's the difference.

1 MR. FREIDIN: Oh, the Coalition are a  
2 sneaky group. Do we have that one?

3 MADAM CHAIR: Yes, we do, Mr. Freidin.

4 MR. FREIDIN: Q. Okay. Now, there was a  
5 very short discussion about practicality during your  
6 examination and, Dr. Victor, you said: You know,  
7 practicality is an intriguing concept, and Dr. Kubursi  
8 had his views on that.

9 And when I look at 30 sort of in the  
10 context of practicality - think that I asked this  
11 question - it says:

12 "Primary and secondary access shall be  
13 planned for the next five and 20 years  
14 using explicit cause/effect linkages and  
15 a careful weighing of the advantages and  
16 disadvantages in accordance with the  
17 following:

18 (a) There shall be consideration and  
19 analysis of alternative corridors for  
20 primary access for the 20-year period  
21 and for secondary access roads for the  
22 five-year term. The analysis of each  
23 alternative corridor shall consist  
24 of...", and I want to focus in on No.

25 3 -- well, No. 1, it talks about use management

1 strategies, but No. 3 says:

2 "A quantitative assessment of the net  
3 socio-economic benefits expected to be  
4 realized locally, regionally and  
5 provincially over the next five and 20  
6 years for each use management  
7 strategy considered."

8 Now, I have to read this, and I will try  
9 to go slowly.

10 Assuming that there are about a thousand  
11 primary and secondary forest access roads to be planned  
12 on forest management units across Ontario every five  
13 years - and that's just a simple calculation of 10  
14 roads per forest management unit - and that each road  
15 has at least two alternative road corridors and at  
16 least two road use strategies, and that there must be  
17 three levels of analysis provided; i.e., the effect of  
18 all those things and combinations on local, regional  
19 and provincial, is it your opinion, gentlemen, that it  
20 is either reasonable or practical to expect that at  
21 least 12,000 quantitative assessments of net  
22 socio-economic benefits expected be prepared - and  
23 we're just talking about roads now, because that's - if  
24 my numbers are correct - that's really what this term  
25 and condition says would have to be done as a mandatory



1 requirement of timber management planning?

2 Now, it seems to me a lot and --

3 DR. VICTOR: A. Can I just hear your  
4 numbers again.

5 Q. Sure. I said a thousand roads,  
6 primary and secondary, you've got two alternatives for  
7 each, each of those has two road use strategies, and  
8 for those roads you then have to do a net  
9 socio-economic benefit that will be realized locally,  
10 regionally and provincially.

11 A. Well, my answer to the question is as  
12 follows: As you rightly reminded us, when the word  
13 practicality came up before I said that was an  
14 intriguing concept, it's kind of intriguing to an  
15 economist because it's not a concept that we call on  
16 first and foremost, what we look at is whether the  
17 costs of doing something can be justified in terms of  
18 the benefits.

19 In my experience what I find with people  
20 who very quickly resort to 'it's not practical' as an  
21 argument for not doing something, is it's a very  
22 arbitrary judgment of whether the costs of doing  
23 something can be justified in terms of the benefits.  
24 They say: Well, it's just not practical.

25 So that's why I don't begin by assuming

1       that I know the answer, the answer is known to whether  
2       we ought to do something or not without looking at the  
3       costs and benefits.

4               Now, the problem statement, as I see it,  
5       is that somewhere, somehow, decisions have to be made  
6       about access roads.

7               Now, if it is true that the location and  
8       use management strategies of an access road has  
9       significant implications for both the value of the  
10      timber that can be obtained and the non-timber values  
11      that are associated, then somehow that process that  
12      we're talking about has to come to terms with these  
13      issues, and if these implications are significant, then  
14      it becomes worthwhile to spend funds of some sort to do  
15      the analysis.

16              Now, I should also say that on the  
17      surface 12,000 calculations are not -- that's not a  
18      problem, doing 12,000 calculations, depend on the type  
19      of calculation. Dr. Kubursi's computer yesterday was  
20      doing, in a sense, many more than 12,000 calculations  
21      as we sat there and watched it.

22              DR. KUBURSI: A. I actually calculated  
23      these things. I can give you the exact minutes and  
24      days of these things. First of all, you don't have  
25      12,000, you have 4,000 because the provincial, local,

1 regional are options on the computer. It takes five  
2 minutes to do a run, it will take you to 20,000  
3 minutes, 60 minutes to an hour, 333 human hours, 55  
4 person days.

5 I don't think it's a very large cause, at  
6 the central depository with a computer, it's no  
7 problem.

8 DR. VICTOR: A. But it still leaves open  
9 the question of whether it's...

10 Q. Does the program exist to do that  
11 now. Are you saying --

12 DR. KUBURSI: A. Well, I mean, the one  
13 you have it could be easily adjusted and you have  
14 capacity at MNR, they have very competent people. I  
15 can name three people who could easily adjust it to  
16 use.

17 Q. Name the three competent people?

18 A. Okay. Doug Driscoll.

19 Q. Who?

20 A. Doug Driscoll.

21 Q. Yes.

22 A. Don Holman.

23 Q. Yes.

24 A. And Dan Mulroney.

25 Q. Any opportunity I have to ask for

1 such listings, I ask. Okay. And is the time and the  
2 cost, or the time you referred to the time to, in fact,  
3 get the information out of the computer?

4 A. Yes.

5 Q. But that doesn't include the cost of  
6 getting the data to put into the computer?

7 A. I presume that this data is  
8 available. Actually I have here with me if you want  
9 some of the data that I picked from the Kenora timber  
10 management plan and this information on road  
11 maintenance, construction is usually routinely given.

12 Q. Those are costs of building the road?

13 A. And maintaining it, yes.

14 Q. All right. I'm talking about, if you  
15 have to analyse use management strategies, those are  
16 designed to say: No, we don't want the road open  
17 because we don't want people going to this area, or we  
18 are going to leave the road open to let people go to  
19 the area, or we're just going to have it open through  
20 certain seasons. All of those options have  
21 different -- result in different kinds of values. They  
22 would all also have different effect on economic  
23 impacts. So it seems to me that if a requirement like  
24 this says you've got to make this assessment, you've  
25 got to get the kind of data and do the kind of -- well,



1 get the data, I guess, to in fact be able to say what  
2 the values are and how they are going to be different,  
3 how the economic impact is going to be different so you  
4 can put them in the computer and punch it out so you  
5 can get it in your 55 man hours?

6 A. But it is also a part of the terms  
7 and conditions of MNR is to collect this type of data,  
8 go through the timber management planning process  
9 providing this kind of exact data, and this is the kind  
10 of things we would like to encourage and hope you would  
11 do.

12 Q. Well, I tend to differ. Where in the  
13 terms and conditions of the Ministry does it say that  
14 the kind of information that would be used for input  
15 into that model; i.e., different kinds of values and  
16 economic impacts, where do you see that that  
17 information is collected on a routine basis now?

18 A. The data on routine basis in all the  
19 timber management documents, the one I looked at,  
20 Kenora's, provide this in details in terms of the cost  
21 and maintenance.

22 Q. What about the other things?

23 A. The other things I inferred it, as  
24 one might, from the fact that you are involved in the  
25 timber management plan where alternatives are now

1 needed and that it is the terms of the MNR mandate to  
2 provide this type of data.

3 Q. All right. So you inferred it. Dr.  
4 Victor, I took it from your evidence when you looked at  
5 the Red Lake plan, you said there was no information  
6 there that economic valuation was done, and so it seems  
7 to me that --

8 A. This is not valuation.

9 Q. Pardon me?

10 A. This is not valuation, were are  
11 talking about alternative uses.

12 Q. But alternative uses have -- Dr.  
13 Victor says can affect values. So I don't know whether  
14 your experience by looking at the plan contradicts what  
15 Dr. Kubursi inferred, and maybe you can help me, Dr.  
16 Victor?

17 DR. VICTOR: A. Dr. Kubursi is talking  
18 about the information required to compare the economic  
19 impacts of different access roads.

20 MR. MARTEL: What page is that.

21 DR. VICTOR: That's what he's talking  
22 about now in answer to his question, that the data are  
23 available to do that and the impacts can be looked at  
24 fairly readily.

25 Your question also is concerned with

1 non-timber values. As I said in my evidence, in this  
2 kind of work it's essential for the economist and the  
3 forester, biologist, everybody to work together.

4 Now, the economist is not the person who  
5 decides that, or is knowledgeable enough to know that  
6 locating access roads in different ways will have very  
7 significant effects. I mean, I have a sense that  
8 that's possible.

9 The information on that, the predictive  
10 information which says that if the choice of access  
11 road to be made will have significant impacts on  
12 recreation, on hunting, aesthetic values, given that  
13 premise, that these physical interventions in the  
14 forest will have those kind of effects, then that's  
15 when the economist joins in and says: Okay, and then  
16 these are the various ways of valuing those effects.

17 So if those effects are believed to be  
18 considerable - and, in fact, in your question to us you  
19 were sort of using that at least as an assumption, that  
20 the location of the road could have significantly  
21 different effects - then I don't see a sensible  
22 alternative to predicting what those kinds of effects  
23 will be and valuing them in some way so that a sensible  
24 decision can be made as to which is the best way to go.

25 Q. What if the decision has already been

1 made that, in fact, there will be tourist establishment  
2 there and that there will be forestry in the area and  
3 that the process is one whereby you are basically  
4 accepting that tourist operator there and you just are  
5 trying to make sure that you put the road somewhere  
6 where it's not going to have any effect.

7 Now, if that's what you're doing and if  
8 that's what the process is designed to do and that's  
9 the way it's set up, it doesn't seem to me that you  
10 need an economic evaluation, you just deal with the  
11 issue at hand.

12 A. If you've already made the decision  
13 as to where you're going to put a road --

14 Q. No -- sorry, go ahead.

15 A. If you've made that decision then an  
16 analysis of the alternatives can't help you.

17 Q. No, I'm not saying that you've said  
18 where to put the road, I'm saying --

19 A. Where not to put the road?

20 Q. No. Where not to put the road. You  
21 already assumed -- let's say you've got a situation  
22 where you're assuming that the two uses are going to  
23 co-exist, that decision has been made and so what  
24 you're doing -- the planning process is designed to  
25 say: Look, let's make sure we have no impact, no



1 effect - let's use that word - on that tourist  
2 operator, we're going to put the road somewhere where  
3 it doesn't have an adverse effect on that tourist  
4 operator. It doesn't seem to me that there is a  
5 particular urgent need or requirement that you do an  
6 environmental evaluation in that case?

7 A. What you're saying in that case is  
8 that you are able to predict that by not putting it in  
9 one particular area it's not going to make any  
10 difference to the other values wherever you put it.

11 In other words, you're making that  
12 prediction, you're saying as long as we don't put it  
13 here it doesn't really matter then where we put it. To  
14 me that is a prediction.

15 Now, I would - although I say I'm not an  
16 expert in that area - I would certainly ask of the  
17 person who I was working with if they made that  
18 prediction, you know, what is it based on. I would  
19 expect to get some sort of reasoned and hopefully  
20 empirical answer.

21 Now, if the prediction is that the  
22 location of the road within some area doesn't make a  
23 difference to the non-timber values or to the timber  
24 values, then we've done the comparison. It's not that  
25 we don't need to do it, we've done it, it doesn't make

1 a difference, it doesn't affect the total value derived  
2 from the location of the road.

3 So I don't take your example to be one  
4 which shows that you don't have to make the prediction,  
5 I just take it as an example of a case where in that  
6 situation the prediction is easy to make.

7 DR. KUBURSI: A. And has been made.

8 DR. VICTOR: A. And has been made.  
9 Repeat but I don't know if that's the general case.  
10 That seems to me to be a situation that may arise.  
11 There may be many others that are different from that.

12 Q. Okay, thank you. Could we turn to  
13 page 37 of the witness statement, please. Pardon me --  
14 yes, page 37.

15 A. Right.

16 Q. I'm going to try to do this quickly.  
17 You have here what you call several implications of  
18 implementing these proposed changes it's the same as,  
19 basically, your overhead, I think page 27.

20 You say that it will take three to six  
21 months to do No. 1. Now, when you say it will be  
22 necessary for the proponent to become familiar with the  
23 literature, are you talking about one person becoming  
24 familiar with the literature should take three to six  
25 months, or are you saying that all the people within

1 the Ministry that have to sort of understand this  
2 literature in some way to be able to apply the  
3 methodology can learn about it in three to six months?

4 A. What I am saying there is that, no,  
5 not one person, this could be accomplished by one or a  
6 small group of people writing an overview of the  
7 issues, specifically with the audience in mind; that  
8 is, the people in the Ministry who will have to be  
9 involved with this kind of work, and that doesn't mean  
10 necessarily they will do it themselves, but at least to  
11 have familiarity with it, that I think is the correct  
12 term to use.

13 Q. Are the people preparing timber  
14 management plans the people that you think should be  
15 familiar with it?

16 A. The people actually preparing the  
17 plans will have to be more than familiar. I mean, you  
18 will need somebody involved with plan preparation who's  
19 got more than a familiarity with these methods, that  
20 they have some capacity to actually apply them.

21 Q. Do you have any understanding as to  
22 whether, in fact, there are a lot of people out there  
23 in the field who would prepare timber management plans  
24 who've got that kind of training?

25 A. I'm prepared to say that there are a

1 lot of people in Ontario who have the expertise.

2 Q. All right.

3 A. I couldn't speak to how many of those  
4 people currently work in your Ministry.

5 Q. All right. So that would certainly  
6 have an effect. The fewer that had a good grasp or  
7 understanding of how these tools you're talking about  
8 actually would be employed would, in fact, cause the  
9 period within which one would have to become familiar  
10 longer than if there was no familiarity. You'd agree  
11 with that? You'd agree with that?

12 A. Yes, I agree with that.

13 Q. All right. And when you give the  
14 three to six months, what assumption did you make sort  
15 of as to the familiarity of all those people out in the  
16 field that have to prepare timber management plans with  
17 the methodology that you're referring to?

18 A. Well, the assumption I made is that  
19 there's very limited familiarity in the Ministry at the  
20 moment with these methods.

21 Q. How many people did you assume, if at  
22 all, would have to be brought up to speed so that they  
23 could be sufficiently familiar with this to, in fact,  
24 start using it?

25 A. The assumption I made was that within



1 perhaps three months a document could be prepared, and  
2 then over the three months, perhaps six months -- I  
3 mean, within some amount of time of that order some  
4 meetings could be convened, some training could be  
5 provided, and that would be a very cost effective way  
6 to make people familiar with these techniques.

7 Q. Should the publics that the Ministry  
8 deal with also be familiarized with these procedures?

9 A. Yes, I think so, to the same extent  
10 that they're familiarized with all of the other  
11 technical procedures that have to be used in a timber  
12 management plan.

13 Q. And how much time would be involved  
14 and what sort of effort would be involved in making  
15 sure those publics were brought up to speed?

16 A. You know, yesterday I produced the  
17 publication by the OACD as an example of a document  
18 that already exists which summarizes these  
19 methodologies and the rationale for them. That's one  
20 of several of that sort.

21 These documents could be made available  
22 to stakeholders.

23 Q. Dr. Victor, reading a document like  
24 that and reading maybe even a lot of the documents that  
25 have been filed here, I suggest to you, it doesn't

1 really help somebody out there in the field who's got  
2 to prepare a timber management plan and you say, start  
3 using the tool or start using the outputs of this sort  
4 of tool in your planning process. Those are two  
5 completely different things.

6 A. There's a confusion here.

7 Q. Well, are they two different things?

8 A. Yes, they are two different things,  
9 that is why there are two recommendations here; one for  
10 making the proponent familiar with the methods,  
11 because - perhaps I'm mistaken - but my reading of the  
12 documents from the Ministry, all the planning  
13 documents, the Class EA, a particular timber management  
14 plan, just reading those documents reveals no  
15 familiarity to speak of with these methods, it just  
16 doesn't seem to be there in the Ministry. Now, as I  
17 say, it may be mistaken, but it's certainly not coming  
18 through in the documentation.

19 So what I'm proposing in Item 1 here is  
20 that a small effort be made so that the staff of the  
21 Ministry being familiar with the methods. That's all  
22 that recommendation 1 refers to.

23 Q. So it's to become familiar with it,  
24 it's certainly not to implement it, it's to sort of  
25 introduce them to the concepts?

1                   A. That's right. It's recommendation 3  
2 which talks about drawing up technical manuals for the  
3 estimation of non-timber values, in other words --

4                   Q. That's one year.

5                   A. Yes.

6                   Q. You said it wasn't that difficult to  
7 draw up a manual and you could probably do it for about  
8 a hundred thousand dollars?

9                   A. That's a ballpark estimate, yes.

10                  Q. All right. Now, that you've  
11 familiarized these people in No. 1 and you've now taken  
12 a year anyway to prepare these technical manuals, what  
13 sort of involvement do the people in the field now who  
14 are going to have to use the technical manuals going to  
15 have to have, they're going to have to be trained now  
16 too?

17                  A. Yes. That year, as I mentioned  
18 yesterday, allows for some time to be spent on training  
19 and discussion with the people in the field as to the  
20 content and structure and format of the document. So  
21 it's all part of a process.

22                  Q. There are a lot of different people  
23 on a planning team. Are you suggesting that everybody  
24 on the planning team should have sort of an equal  
25 understanding of this tool so they can sit around and

1 discuss it amongst themselves and figure out what to do  
2 with the results?

3 A. No, certainly not.

4 Q. So how many people on each planning  
5 team should be given this special knowledge?

6 A. It's simple to say there should be  
7 one person on the planning team who would have some  
8 expertise in socio-economic analysis. That's the easy  
9 answer, and it's the answer that I'm inclined to give.

10 I could see an argument for saying that  
11 the socio-economic implications of timber management  
12 are so significant, and ultimately what the whole issue  
13 is all about, that you may find justification for more  
14 than one person on the planning team, but you need at  
15 least one, yes.

16 Q. And is the training of that one  
17 person for every timber management -- for each of the  
18 planning teams been included in your one-year estimate?

19 A. It's not unreasonable -- whether it's  
20 one, one and a half years or even nine months, I'm not  
21 prepared to say. I don't want to imply that this  
22 estimate of time and cost is more accurate than it is.

23 It's intended to give the Board an  
24 appreciation of the fact that starting from a  
25 significant literature and a significant expertise



1 within the province, if not in the Ministry, this  
2 information can be pulled together in a comparatively  
3 short time at relatively low cost. That's the message.

4 Q. So you wouldn't suggest any specific  
5 time frames being imposed on the Ministry to do all  
6 this.

7 A. It --

8 Q. Well --

9 A. Well, it amazes me that the Ministry  
10 is not in this situation already.

11 Q. Well, I understand that that's your  
12 position, Dr. Victor, but you know, we're dealing with  
13 a number of recommendations--

14 A. Yes.

15 Q. --from a number of parties saying  
16 things have got to be done, I mean, they just have to  
17 be done, and certain parties are saying, and they  
18 should be done within certain time periods.

19 A. Yes.

20 Q. And I want to know whether you're  
21 recommending that, in fact, it's reasonable to  
22 impose -- just taking this one thing out of context of  
23 everything else that's going on, and saying it's got to  
24 be done in six months, it's got to be done in a year.  
25 I mean, how can you --

1                   A. Well, Mr. Freidin, as I said to you,  
2 my view on timber management planning, at least within  
3 the context that I've talked about it, is that you have  
4 to look at alternatives and you have to evaluate them,  
5 and these are tools, better tools than any others that  
6 I know of, that can be used for doing the evaluation.

7                   Now, if the Ministry is not in a position  
8 to do these kinds of evaluations, then the Ministry  
9 faces a very serious problem because it has  
10 responsibility to do the plans and it doesn't have the  
11 expertise to do it.

12                  All I can recommend is that it get the  
13 expertise as quickly as possible. And that's why I was  
14 pleased to see that change in your own terms and  
15 conditions which called for an expenditure of \$200,000  
16 on some of these issues.

17                  I mean, I'm saying what I think the  
18 Ministry is already beginning to say in that respect,  
19 and I think it can be done fairly quickly and fairly  
20 cheaply and, yes, I do say you should give it high  
21 priority.

22                  MR. MARTEL: Can I ask a couple of  
23 questions, because I worry about the public  
24 involvement, and you indicate they need training to  
25 some degree, they have to get some understanding of the

1 process.

2 When you look at the stakeholder team,  
3 and they're going to be involved, it might be somewhat  
4 more difficult, you're not going out and hiring these  
5 people, they come forward by choice, they might have  
6 absolutely no experience or no inclination or no desire  
7 to learn about computer modeling and how that  
8 affects -- that's why the time factor becomes critical.

9 I think to get the moose guidelines  
10 across, we're talking about people in the field who had  
11 years of experience, and I think it's fair to say that  
12 the first run at it was a bit of a disaster and they  
13 had to redo it.

14 And I think the second run it's estimated  
15 will take two years to train the necessary personnel,  
16 and here we're talking about, we don't have an  
17 economist in each area, I don't think, in fact I don't  
18 think there's an economist on any planning team to my  
19 knowledge yet or even considered part of a planning  
20 team yet, we have a hundred units with masses of people  
21 to be trained at the industry level because they're  
22 involved in some of the plans, and I think what I have  
23 a concern about is not that it shouldn't be done maybe,  
24 but the time limits that are being put on or  
25 recommended, which might not -- in fact, which might

1 take more than - even with the best intentions - two,  
2 three, four years and the limitations that seem to be  
3 imposed.

4 I think you're heading in -- you have a  
5 collision course, you're going to have, I think the  
6 term you used, a conflict, because I don't know how you  
7 train all those people, particularly across northern  
8 Ontario, you know, where people have to travel great  
9 distances, not always easy, volunteers mixed in with  
10 Ministry staff, and so I just wonder if the time limit,  
11 certainly ones that are preparing material might be  
12 because you have got professional staff that will do  
13 that, but after that I'm jsut wondering if one has  
14 looked carefully at the requirements for training.

15 DR. VICTOR: Okay, I would like to  
16 respond to that.

17 MR. MARTEL: All right.

18 DR. VICTOR: There are two things that I  
19 mentioned, one is what's required to make the public,  
20 the volunteers, the various stakeholders familiar with  
21 what to them may be a new approach, a new technique;  
22 and, secondly, was the issue of training the  
23 professional staff to actually implement the methods.

24 I'll talk about the second one first. In  
25 my opinion, it's most unlikely that you need a hundred



1 separate experts to do this. There is absolutely no  
2 reason why the same expert can't be involved in the  
3 socio-economic analysis of several timber management  
4 plans.

5 It's not something by its nature that  
6 requires your continual effort the whole year and  
7 there's data gathering exercises, you have to wait for  
8 some of the data to be provided by other participants  
9 in the planning exercise. So that's one factor. The  
10 other is that not all the plans are going to be done in  
11 any one year.

12 So I think the numbers of people who  
13 would have to have sufficient expertise to implement  
14 these methods, you know, is not in the hundreds, it may  
15 be as few as a core of 10 people who could be hired, if  
16 the funds were there, very quickly; if not, you're  
17 looking at retraining people. So the demand on the  
18 professionals is perhaps less than you might be  
19 concerned about.

20 As for the public, now, this is a matter  
21 of great significance I think to all people involved in  
22 technical analysis which is designed to somehow help  
23 the public and in a context where public participation  
24 is important, and I don't think it's a special problem  
25 for the economic component of the work, I think the

1 public has as much difficulty in understanding how the  
2 forester does his or her job and how they make their  
3 predictions, how the aquatic scientist does it, the  
4 economist is just one of several people who I think are  
5 duty bound to try to explain their methods to the  
6 interested public, but that's a very different level of  
7 conversation, if you like, than training a professional  
8 to actually do the work.

9                   So I mean, I don't know how you will  
10 judge how successful we've been in explaining the  
11 methods to this Board but, I mean, that sort of  
12 explanation doesn't take an inordinate amount of time.

13                   MR. MARTEL: Well, but you have to have  
14 some background in terms of trying to understand it. I  
15 mean, many of those people have absolutely no  
16 experience with computers, computer modeling or  
17 anything, and it's very difficult concepts to grasp.

18                   I'm simply saying, when one looks at -- I  
19 mean, one of the concerns we have is how we're going to  
20 keep the public involved in this process, since they're  
21 volunteer, and there's talk of paying them their costs,  
22 that can be a problem because I'm not sure that will  
23 hold the public. The more complicated it gets for them  
24 to make decisions, the more -- unless they've got such  
25 an interest in it, I think you'll see a lot of them

1 say: Wait, this is just over my head and I'm not  
2 getting involved.

3 I mean, I just worry about why you put  
4 yourself in such a tight time frame when you're  
5 starting from very little sort of analysis being done  
6 and saying: Well, roughly a year and we're up and  
7 running. I just ask if that's realistic.

8 DR. KUBURSI: But, you see, we might want  
9 to distinguish between the methods and results. Surely  
10 people can relate to some of the concepts I was talking  
11 to: Jobs, taxes, things -- I mean, these are bread and  
12 butter issues use for them and they can relate to it on  
13 extension of experience basis. The issue would be  
14 whether this computer, how is it really churning these  
15 things. This is where we have to separate maybe these  
16 two very distinctly.

17 There will be central professional group  
18 that will generate these numbers and there will be also  
19 another group, and maybe someplace inbetween people  
20 would have to come and translate these things, but  
21 ultimately the challenge for the technicians and the  
22 professionals is to make these data and analysis  
23 relevant and accessible and understandable, and I think  
24 really there is the challenge.

25 MR. MARTEL: Sure, Dr. Kubursi, but we've

1       been sitting here four years with the challenge and  
2       we're not done.

3                   DR. KUBURSI:   Yeah.

4                   MR. MARTEL:   And who'd have thought four  
5       years ago that this little episode would take four  
6       years.   We have another year, year and a half.   I mean,  
7       it's much more complex--

8                   DR. KUBURSI:   It is.

9                   MR. MARTEL:   --than most people are  
10      prepared to admit, I mean, unless you live it.   I mean,  
11      golly, you're asking people who might have an interest  
12      with a cottage if you're in Haliburton region, in  
13      northern Ontario it might be the people we heard  
14      they're interested in making sure there's moose for  
15      them to go hunting and there's fishing because that's  
16      part of their life.   I mean, they live in the north and  
17      in the bush and they want those -- that's part of their  
18      livelihood and part of their recreation.

19                   But when you get -- as you make it more  
20      and more complex, it's not so simple.

21                   DR. VICTOR:   Well, it's where the  
22      complexity comes in.   I think, as Dr. Kubursi has said,  
23      dealing with the public and saying, look and looking at  
24      the alternative plans we've estimated the impact on  
25      jobs and taxes, wages.



1 I think the very first thing you would  
2 like to do is make sure the public at least thinks  
3 you're talking a language. Now, they may want to know:  
4 How did you make the estimates. That's where you get  
5 into the complexity.

6 It's the same with non-timber values, if  
7 you say in looking at the alternative plans we've tried  
8 to give due weight to the range of non-timber values.

9 Again, members of the public at least  
10 think: Well, the right things are in there, they may  
11 not understand in all it's fine detail exactly how the  
12 estimates were arrived at, but at least the matters are  
13 on the table.

14 DR. KUBURSI: The way we use a car. I  
15 mean, we teach people how to drive it, they don't know  
16 how the carburetor is working or the ignition is  
17 working. The issue is, how simple can we make it, how  
18 useful can we make it. And this is a challenge,  
19 absolutely, and economists have failed miserably on  
20 this.

21 What we are providing here is some simple  
22 techniques that I hope will be successful. Not  
23 everybody in our profession is as simple as this.

24 MADAM CHAIR: Let me understand what the  
25 product would be as a result. I thought we were

1 talking about something that would be a few pages that  
2 would be under discussion by local citizens groups.

3 We're not talking about user manuals and  
4 we're not talking about extremely detailed rationales  
5 as to what went into this and, in fact, that  
6 conversation wouldn't take place unless someone  
7 challenged what the final number was, and then someone  
8 would have to take the time to take them through the  
9 model and how the result was produced?

10 DR. KUBURSI: That's right, Ma'am, and  
11 that's exactly what we are.

12 MR. FREIDIN: Q. And so you would see  
13 that during a timber management planning process that  
14 if someone did come along and challenge the numbers,  
15 then there could be a big debate about how the model  
16 was, in fact, created, whether the assumptions were  
17 correct, whether the analysis was correct?

18 DR. VICTOR: A. Well, no more than in  
19 relation to all the other aspects of the plan.

20 Q. Fair enough. Would you turn to the  
21 terms and conditions of the Coalition page 28. Okay.

22 MADAM CHAIR: Page 28, Mr. Freidin?

23 MR. FREIDIN: Page 28.

24 MADAM CHAIR: Thank you.

25 MR. FREIDIN: Q. Here you have terms and

1 conditions in relation to socio-economic assessment,  
2 which I think you adopted, and we just had a  
3 conversation with the Board about involvement of the  
4 public and, you know, I think you were talking about  
5 where the technical sort of certain things are  
6 technical and certain things are explaining things to  
7 the public.

8 You're nodding agreement, Dr. Kubursi?

9 DR. KUBURSI: A. Sorry, I wasn't paying  
10 attention. Could you please repeat.

11 Q. We had this conversation, you're  
12 talking about the public being involved in the process  
13 in terms of being involved with this sort of approach,  
14 economic valuation?

15 A. Mm-hmm.

16 Q. And I took it from what you were  
17 saying is that you sort of draw the line somewhere  
18 between what sorts of technical and then what you  
19 provide to the public and try to explain to them; is  
20 that correct?

21 A. That's absolutely right. I mean, let  
22 me just lead you to an analogy which is very simple. I  
23 driver my car, it doesn't work, I take it to a  
24 technician, all right. Sometimes I pretend I know what  
25 I'm doing.

1 But the point is, we have some  
2 specialized people, I have some confidence in them, I  
3 may not believe them totally, I might go to more than  
4 one, but this is the way we operate on everything.

5 Q. Right. And if you look at 164, in  
6 terms of the involvement of public, it seems to say  
7 more than involvement than what you were talking about,  
8 and this is not in relation to the plan processing per  
9 se, it's in relation to the development of the tool  
10 itself. It says:

11 "The predictive procedure shall be  
12 developed in consultation with  
13 appropriate and adequate public input and  
14 the final version shall be reviewed  
15 publicly before implementation."

16 Now, that's sort of one of the reasons I  
17 asked you about, you know, you have to go to your  
18 publics in terms of these things.

19 I mean, here's a term and condition that  
20 says whatever predicted procedures are developed, the  
21 final version has got to be, it's got to be done with  
22 public input and the final version shall be reviewed  
23 fully by the public before it's implemented.

24 Now, that sounds like something that  
25 you're not going to do in three months or six months,



1       you may do that in a year.

2               Assuming for the moment you want to go to  
3       the public and sort of have a meaningful discussion  
4       with them as opposed to saying: Here is what we're  
5       doing and we don't care what you say we're going to go  
6       ahead.

7               DR. VICTOR: A. These questions started  
8       from page 37 of my witness statement, the five points  
9       and those points --

10              Q. I'm not sure there's any particular  
11       connection, but...

12              A. Well, you said that not me. But  
13       those five points were focused on what it will take the  
14       Ministry to get itself into position so that it can do  
15       the kind of analysis that we've been talking about.

16              Now, you're introducing, as I understand  
17       it, the question of how -- what's the public  
18       involvement in all of this. The view being put forward  
19       here on timber management planning is that alternative  
20       plans should be examined for any FMU, that the  
21       predicted impacts of the plans should be set out, and  
22       that the values of those impacts should be set out.

23              Q. Right. And you've given some  
24       estimates about how long it should take to do all this,  
25       and Mr. Martel has asked you a number of questions, and

1 then I look at term 164 and it says that:

2 "The predictive procedures...", and I'm  
3 assuming we're talking about this economic analysis or  
4 valuation and perhaps impact analysis:

5 "...shall be developed...", and I take it  
6 that means by the ministry:

7 "...in consultation with appropriate and  
8 adequate public input and the final  
9 version shall be fully reviewed publicly  
10 before implementation."

11 Now, do you know what those words are  
12 suggesting has to take place before implementation will  
13 occur? Did you have any view as to what those words  
14 meant when you came up with your estimates in relation  
15 to the time frames on overhead No. 27?

16 A. That was my point, I thought, that  
17 the time frames for overhead No. 27 were time frames  
18 required to get the Ministry into a position that it  
19 could do the analysis, okay, that you would have the  
20 expertise and the wherewith all the manuals to do the  
21 analysis. Now, you're in that position, you have to do  
22 a timber management plan.

23 Q. You haven't answered my question, Dr.  
24 Victor. My question was, not getting the Ministry up  
25 to speed so they could use it for timber management

1 purposes. When you made your estimates of time--

2 A. Yes, for what though?

3 Q. All right. All right, let's just  
4 hold on. It will be necessary for the proponent to  
5 become familiar with the literature, and you told me in  
6 answer to my cross-examination question that that would  
7 involve bringing the public up to speed?

8 A. You asked me about the public.

9 Q. Yes. The ministry's publics, people  
10 that they deal with, and you said, yes, you would have  
11 to explain that to them.

12 A. That's right, but this particular  
13 statement here, as you see, refers to my estimate of  
14 what it will take for the proponent to become familiar.  
15 You asked, would it also be important for the public to  
16 become familiar and I agreed yes.

17 Q. All right. When you said yes, all  
18 right, does that -- assuming that bringing the public  
19 up to speed includes involving them as suggested in  
20 164, did you include the time frame for doing what 164  
21 says in any of the time frames that you gave in your  
22 evidence for implementation of these tools?

23 A. No, because they're two different  
24 things.

25 Q. So you didn't include them. So then

1 the question is: How long do you think it would take  
2 to, in fact, do what 164 says which are, in fact,  
3 preconditions to the implementation of the tool?

4 A. I interpret 164 to refer to all  
5 predictive procedures relevant to timber management  
6 planning.

7 Q. No, it says socio-economic  
8 assessment.

9 A. That's right, but as I've said on  
10 several occasions here, the socio-economic assessment  
11 doesn't start in the abstract, it starts from  
12 predictions of the impacts.

13 The main -- particularly on the  
14 evaluation side, the main part of the prediction is to  
15 predict the impacts on recreational use, on hunting  
16 activity, and prior to that predicting impacts on  
17 populations of animals. Those are the predictions that  
18 feed into the socio-economic analysis.

19 Now, as far as I understand it, even if  
20 you were not to value those changes in economic terms,  
21 you would still want to make the public familiar with  
22 those predictive tools, they will still be the things  
23 that you will be looking at.

24 Q. What are the predictive procedures --  
25 when they use the word procedures here, what's meant by



1 that?

2 A. Well, I've already said that I think  
3 it includes, and my interpretation was, it includes all  
4 predictive procedures relevant to the socio-economic  
5 analysis.

6 Q. All right. Well, that's what you  
7 think it means. Are you able to say what it does mean?  
8 You've adopted these words so you're basically  
9 supporting this term and condition if procedures has  
10 the meaning you're referring to?

11 A. If it refers to all procedures  
12 relevant to the socio-economic assessment, yes, that's  
13 what I'm adopting.

14 Q. And does procedures -- I mean,  
15 there's methodology like environmental valuation.

16 A. Yes.

17 Q. Give me a real life example of what a  
18 predictive procedure might be, like, I don't know what  
19 the term and condition is really saying.

20 A. Well, we looked at an example  
21 yesterday with the pine marten which showed how, in  
22 graphical terms, a connection can be made between  
23 different forest structures and the pine marten  
24 population.

25 Q. Certain cause/effect relationships

1       were predicted?

2                   A.   That's right, right.

3                   Q.   Okay.

4                   A.   The procedures necessary to arrive at  
5       those connections will be included here under  
6       predictive procedures.  Now, this is an example of  
7       where adding an economic component to that, I think,  
8       will make it clear to you that it doesn't impose a very  
9       significant additional burden on what anybody is being  
10      asked to understand.

11                   It says, that if we are forecasting or  
12      predicting as a result of a particular plan a loss in  
13      pine marten population, we could just stop there and  
14      say that's just one of the things that will go into the  
15      comparison of the plan; what I'm saying is that we can  
16      value the loss in the pine marten population and, in  
17      that particular case, since it has a commercial value,  
18      we might use that commercial value.

19                   Now, I don't think that's, in that  
20      particular instance at any rate, a very difficult thing  
21      to explain to anybody.

22                   Q.   So are you saying that there should  
23      be cause/effect relationships defined between certain  
24      activities and its effect on economic valuation and  
25      economic impacts; is that what you're saying?

1 A. Yes, yes.

2 Q. Cause/effect relationships should be  
3 defined?

4 A. Yes.

5 Q. They should be developed, is the way  
6 you interpret that. That's what it means here, the  
7 predictive procedure shall be developed?

8 A. Yes.

9 Q. And now you've got to do that in  
10 consultation with these various people and it's got to  
11 be reviewed publicly. Now, give me a list of the kinds  
12 of cause/effect relationships which you have in mind  
13 which would have to be developed--

14 A. Well, take for example --

15 Q. --and provide it to the public for  
16 review before the Ministry could implement it?

17 A. How do you mean before the Ministry  
18 could implement it?

19 Q. Well, this says that the predictive  
20 procedures which you now have said are cause/effect  
21 relationships between activities out there in the field  
22 and the effects on environmental valuation -- pardon  
23 me, economic valuation and impacts must be developed,  
24 and those cause/effect relationships have to be derived  
25 with public input, and in the final version it says

1 here, shall be reviewed publicly before the  
2 implementation.

3 Now, if that's what it says, that's what  
4 you have now said it says, what are the kind of  
5 cause/effect relationships that you're saying should be  
6 developed in consultation with the public and reviewed  
7 before they are actually used in timber management  
8 planning?

9 A. Okay. I understand now, I think.  
10 I can't give you an estimate of the time it will take  
11 to do this with respect to the biophysical component.

12 Q. All right. I'm not --

13 A. Okay.

14 Q. All right.

15 A. So all I can talk to you about is  
16 what additional time might be required to deal with the  
17 economic component that comes at the end of the  
18 biophysical analysis.

19 Q. Now, that's the time to deal with it  
20 at the end of --

21 A. Well, the time to obtain appropriate  
22 and adequate public input on that additional component  
23 to the predictive procedures. It's perhaps getting  
24 more complicated.

25 MADAM CHAIR: Excuse me, Dr. Victor. The



1 point that the Board is taking from Mr. Freidin's  
2 cross-examination is that this condition would tie  
3 MNR's hands with respect to, for example, conducting  
4 socio-economic analysis until they had gone through  
5 some sort of formal public consultation.

6 In other words, even if it only took them  
7 a year to get themselves organized to do such analysis,  
8 they couldn't do it, that's one interpretation of the  
9 wording of this term and condition. They couldn't do  
10 it until they had received some sort of public input  
11 review inferring to proceed, that's one interpretation  
12 of what this term and condition says.

13 MR. MARTEL: In fact it goes further than  
14 that. It says:

15 "The predictive procedures shall be  
16 developed in consultation with the  
17 appropriate and adequate public..."

18 So you've got two steps, you have to  
19 develop all of these things with public input and then  
20 take it out to the final version for a public review.

21 Again, it comes back to my original  
22 question: Are you boxing yourself in needlessly by  
23 imposing time limits which make the whole exercise  
24 impossible, because I don't know how you could view or  
25 go to the public to help -- and that's not even --

1 and I think that's why Mr. Freidin is trying to get you  
2 to give a list of the predictive tools -- the  
3 cause/effect relationships involved to take a look at  
4 it in the total package, okay.

5 What are we talking about, how long do we  
6 go out and meet with the public to develop this, then  
7 we have to come back and make a final draft - you can  
8 call it a draft or - and then we have got to go back  
9 and get approval, and I just want to know how long this  
10 is going to take and how much.

11 I mean, that's what we're trying to get  
12 at because this seems, as my colleague says, puts MNR  
13 in a -- you read that by itself and you're so strapped  
14 you can't move, at least that's what it appears like on  
15 the surface.

16 DR. VICTOR: Yes. All I was -- I  
17 understand that and I think the simplest answer I can  
18 give you now that I understand it better is that I  
19 haven't made an estimate of that time. This did not --  
20 this was not figured into my estimates of time to get  
21 the Ministry up to speed on how to do these things, I  
22 acknowledge that.

23 The only other point I would make,  
24 though, is that the economic components of this would,  
25 in itself, not add very much if anything to it, but I

1 did not make an estimate of what would be required to  
2 implement 164.

3 MR. MARTEL: But can I just stop you  
4 there because you say the economic -- I think you said  
5 the economic--

6 DR. VICTOR: Component.

7 MR. MARTEL: --component. But, you see,  
8 this says that the public is even going to get involved  
9 in that development. That's a worry because, quite  
10 frankly, I'm not sure how many people out there are  
11 into economics sufficiently to tell you what the  
12 economic components should be.

13 DR. KUBURSI: But there's a down side to  
14 it. What if we completely exclude the public and then  
15 the bureaucrats --

16 MR. MARTEL: I understand the concern,  
17 we're trying to keep people involved, Doctor, but I'm  
18 simply saying it then takes longer, if you want to  
19 involve the public, there's a bit of an educational  
20 process and this all takes time.

21 It's not a one-step procedure we're  
22 talking about, we're talking about a very  
23 complicated -- because you're taking the public from  
24 square zero or square one to having them help to  
25 develop and then, finally, after you develop, approve

1 the various cause/effect relationships and so on  
2 necessary.

3 And just as my colleauge says, they're  
4 strapped, they can't do anything if that were accepted  
5 the way it reads, at least the way I read it.

6 MR. FREIDIN: Q. Dr. Kubursi, you're  
7 nodding in agreement?

8 DR. KUBURSI: A. I do this as a habit.

9 Q. But is the habit --

10 A. I'm the teacher if you want, I like  
11 to couch my students.

12 Q. In this case were you indicating  
13 agreement with what Mr. Martel was saying?

14 A. Oh, indeed, there are lots of things  
15 that Mr. Martel said I agree with and, in this respect,  
16 I agree with the gist of it. I still really find that  
17 two things that one can add here, and I hope Mr. Martel  
18 will allow me, that I can't draw like Rembrandt.

19 Q. Pardon me?

20 A. I can't draw like Rembrandt or one of  
21 the best, Picasso is your favourite, I can't appreciate  
22 whether it's good or not, and we tend to really somehow  
23 chastise the public as being some sort of idiots.

24 I think they can relate to lots of these.  
25 issues and they have really gut feelings about the



1 things we're talking about and I suppose that with  
2 stakeholders they will come prepared and I'm sure Mr.  
3 Martel in the public domain knows these things.

4 I'm totally surprised about sometimes my  
5 students who, totally unfamiliar with certain concepts,  
6 can grasp and come up with new novel ideas. I mean, we  
7 really have to keep that system open and I think that's  
8 the issue here is the openness of the system.

9 MR. MARTEL: Sure, but all I'm simply  
10 saying, you've got such a massive public out there,  
11 area by area, to develop. I mean, I don't undersell  
12 the public, Dr. Kubursi, I used to have to face them  
13 every four years.

14 DR. KUBURSI: That's what I'm saying.

15 MR. MARTEL: There's no tenure, it's not  
16 like being at university, and I'm just saying we  
17 have -- but that by itself, start by itself, stuck out  
18 there makes it very difficult, that's all I'm saying.

19 It looks to be, I'm not going to make the  
20 conclusion that it is, but I'm saying it looks as  
21 though it's very, very difficult to get around with  
22 that language.

23 MR. FREIDIN: Mr. Martel, and I think  
24 it's the last question before lunch.

25 MADAM CHAIR: Oh, I think we have time

1 for a last question, Mr. Freidin. Is this on the same  
2 subject?

3 MR. FREIDIN: Oh, just sort of an  
4 observation, whether you'd agree that all of your  
5 students, they are full time and their major role in  
6 life is to understand what you're talking about and to  
7 pass their exams, as opposed to somebody who's going to  
8 be sitting on a timber management planning team from  
9 the public. A little different in terms of how ready  
10 they come to the exercise.

11 DR. KUBURSI: They can relate naturally,  
12 I think, sir.

13 MADAM CHAIR: How long will you be after  
14 lunch, Mr. Freidin?

15 MR. FREIDIN: This is becoming so  
16 interesting. We will finish this afternoon. I don't  
17 know, I'll be another hour.

18 MADAM CHAIR: Okay. If there's no  
19 objection from the parties, we will take a two-hour  
20 lunch today. Okay. Be back at two o'clock.

21 ---Luncheon recess at 12:00 p.m.

22 ---On resuming at 2:00 p.m.

23 MADAM CHAIR: Please be seated.

24 Go ahead, Mr. Freidin.

25 MR. FREIDIN: Q. Hopefully one last

1 question in relation to page 37 of the witness  
2 statement which is also similar to overhead 27. Page  
3 37 of the witness statement. I think -- sorry, we  
4 better go through overhead 27.

5 DR. VICTOR: A. All right.

6 Q. Overhead 27, again, the Practical  
7 Implications of Incorporating Non-Timber Values in  
8 Timber Management, that's the one where you've added  
9 Item No. 4, coordination of routine data collection of  
10 forest use patterns suitable for economic valuation.  
11 There's reference there to forest use patterns.

12 Would you agree that to do what is  
13 suggested by the Coalition terms and conditions and to  
14 do the kinds of environmental or kind of economic  
15 valuation that you're speaking of, you'd also have to  
16 collect data or do some sort of analysis in relation to  
17 non-use values as well?

18 A. Yes, if you want to estimate the  
19 value of the forest to non-users you need information  
20 on non-use, yes.

21 Q. And that was one of the items which  
22 you didn't indicate any sort of estimate of cost or  
23 time. Are you able to provide any estimate of time or  
24 cost to, in fact, do the coordination of that data for  
25 either -- well, for use patterns and for non-use

1 values?

2 A. In the witness statement, this is in  
3 answer to Question 75 where I've listed the five items,  
4 I've used the terminology non-timber values, and  
5 non-timber values would include the values from use and  
6 non-use.

7 Q. Good, thank you. Can we turn to  
8 overhead No. 5 in Exhibit No. --

9 MADAM CHAIR: 2113?

10 MR. FREIDIN: Yes.

11 Q. Now, the value -- you indicated that  
12 you put this particular overhead together for  
13 demonstration purposes?

14 DR. VICTOR: A. Yes, to show how the  
15 value of wood can be estimated, correct.

16 Q. And that we weren't to put any  
17 particular significance to the fact that the value of  
18 wood was \$6.93 as opposed to some other number?

19 A. That's correct, yes.

20 Q. All right. Can you confirm for me  
21 that the net value of wood, in fact, can vary  
22 substantially over short periods of time?

23 A. Do you mean wood in the same  
24 location?

25 Q. Yes.



1 A. No, I don't think I can confirm that.

2 Q. Because you're not sure or you don't  
3 believe that that's true?

4 A. Well, the Quirin and Waters study  
5 does give an estimate for at least two years, maybe  
6 three, and there's not much variation there, and that's  
7 the only information I've looked at.

8 Q. All right. Well, can we just take a  
9 look at that study then, I believe it was Exhibit 2114,  
10 and could you turn, please, to -- it's four pages from  
11 the end of the exhibit, there's no number on it.  
12 Schedule 3, Roman numeral III-18.

13 A. III-1...?

14 Q. 18 and it's called Value of Wood  
15 Calculations for Six Major Canadian Pulp and Paper  
16 Producers, 1985.

17 A. Yes, I've got that.

18 MR. FREIDIN: Does the Board have that?

19 MADAM CHAIR: Yes.

20 MR. FREIDIN: Q. Now, as I look at that,  
21 and they indicate they looked at six major Canadian  
22 pulp and paper producers in '85, and in terms of Item  
23 No. 8, the net value of wood after stumpage per cubic  
24 metre, the mean in 1985 was \$5.03 over in the righthand  
25 column, 1987 it was \$18.42, it increased by more than

1 300 per cent. Is that what you would call a small  
2 variation?

3 DR. VICTOR: A. No, but just to be  
4 clear, I was referring to Table II-1, if I can refer  
5 you to that.

6 Q. Is that Roman numeral II?

7 A. Roman numeral II-1, it's about three  
8 pages earlier on.

9 Q. Right.

10 A. And it shows the value of wood as  
11 \$6.93 for 1985.

12 Q. Where are you looking?

13 A. I'm sorry, 1985 Ontario.

14 Q. Okay. Ontario, yes.

15 A. On the bottom at the \$6.93--

16 Q. Right.

17 A. --which is the figure that I had on  
18 the exhibit.

19 Q. Right.

20 A. And then next to that is a figure for  
21 1986, which is \$7.45.

22 Q. In Ontario?

23 A. In Ontario. So I wouldn't  
24 consider -- that's when I was saying I didn't consider  
25 that a very significant change.

1 Q. Do we know where any of these  
2 particular -- well, can you provide me some assistance  
3 as to what the relationship is between the table you  
4 referred to and the table I referred to?

5 Why would we look at one as opposed to  
6 the other to determine this issue if the value of wood  
7 varies and, if so, by how much?

8 A. Yes, I can help you with that.

9 Q. Yes.

10 A. Table II-1 is the result of  
11 calculations based upon the lumber industry and Table  
12 III-1(a) and so on is estimates for the pulp and paper  
13 industry.

14 Q. So...

15 A. And in Table III-1(a) you'll notice  
16 that those estimates are right across Canada on a  
17 company basis.

18 Q. Right.

19 A. So it's another reason why there  
20 would be more variation, because it can vary with the  
21 level of activity of the mills in each of the  
22 provinces.

23 Q. All right.

24 A. And the mix of products.

25 Q. I'm not familiar with this paper. Is

1       there anything in here that indicates how the value of  
2       wood per cubic metre would vary for the pulp and paper  
3       industry as opposed to the lumber industry in Ontario?

4                   A. Not specifically, no.

5                   Q. All right. Okay, thank you.

6                   Turn to page 6 where you've done  
7       estimates of the economic value of timber in Ontario.  
8       In relation to the value of timber, Item No. 1, the  
9       second item refers to the net social gain. You  
10      basically describe it as a net social loss of \$5.54.

11                   Could that net social loss equally be  
12      described as a social cost that the government has  
13      decided that on behalf of the public that they are  
14      willing to pay for the economic values and the economic  
15      impacts produced through the activity of logging and  
16      subsequent processing of the wood fiber?

17                   A. Yes, it could be interpreted that  
18      way, though I think the purpose of the authors of the  
19      study was to bring to the surface, if you like, the  
20      amount of this -- that was being paid.

21                   Q. Right.

22                   A. So that doesn't necessarily allow us  
23      to say it was a conscious decision to do it that way  
24      but it is -- you can interpret the result in the way it  
25      says.



1 Q. Okay, thank you. And if we turn --  
2 there was some discussion about stumpage fees. What  
3 would happen if they went up or if they went down?

4 Did I understand you correctly that you  
5 said that because the companies are in business to make  
6 a profit, that not an unrealistic expectation or result  
7 of an increase in stumpage might be a decrease in wages  
8 paid to the people who are, in fact, working in the  
9 forest industry?

10 A. Well, that's -- it could be, but not  
11 necessarily.

12 Q. But I think you indicated that the  
13 companies would -- I mean, if they had room to move,  
14 they might just accept that, but because they're in  
15 business they would try to offset additional costs in  
16 some means, either through increasing the price of the  
17 product, it might be leaving the product the same  
18 because markets were competitive and reducing other  
19 costs such as operating costs which might include  
20 wages?

21 A. Well, we generally work with the  
22 assumption that the firms try to keep their costs down  
23 as much as they can in order to maximize their profits,  
24 that's the basic assumption that we found useful in  
25 economics for understanding how firms behave.

1                   Now, if these firms have to compete for  
2     labour, then they don't get to choose what they pay the  
3     labour. An individual firm cannot make -- they can pay  
4     more than the going rate, but it can't pay less, it  
5     will lose its staff or it may even have union  
6     agreements that prevent them doing so.

7                   Q. It might even have union...?

8                   A. It might have union agreements which  
9     would prevent it from reducing wages.

10                  Q. Except when you renegotiate those  
11     union contracts; is that correct?

12                  A. Yes. But, again, then the firm has  
13     to -- each individual firm is not going to have market  
14     power which says simply in response to an increase in  
15     stumpage fee it can go and take it off wages. It may  
16     just as easily show up as a reduction in profits.

17                  Q. And is the likelihood of, or the  
18     ability of a company to, in fact, reflect or to deal  
19     with an increase in costs through wages greater in a  
20     setting where you're dealing with single-industry towns  
21     than one where you've got multiple opportunities for  
22     jobs, for employment?

23                  A. It might be easier in single-industry  
24     towns.

25                  Q. All right. And the last point here

1       that I wanted to just deal with, the top box here,  
2       \$64.97 which is labour.

3               A.   Sorry, Mr. Freidin.  I would just  
4       like to clarify what I've said because--

5               Q.   Sure.

6               A.   --you're raising an interesting  
7       question here.  If you look at this figure on Figure 5,  
8       the way I believe it's intended to be interpreted by  
9       the authors, the way I would suggest it be interpreted,  
10      is that the price of lumber of \$165.26 is determined in  
11      the market, that's not within the control of the mill.

12              Now, if the mill is already doing the  
13      best it can to maximize its profits, it will be paying  
14      labour as little as it can in the context within which  
15      it operates.

16              Now, if you come in and increased  
17      stumpage fees, it can't go and pay less for labour as a  
18      result of that; if it could do that, then my previous  
19      statement is not correct, that it wasn't already trying  
20      to minimize its labour costs.

21              So if it's already trying to run itself  
22      as efficiently and cost effectively as possible, an  
23      increase in stumpage fee is not very likely to show up  
24      as a reduction in wages.

25              Q.   But somewhere along the line the

1 company would have to adjust to an increase in cost,  
2 whether it's from stumpage or anything else, if they  
3 wanted to stay in business?

4 A. The point would come if the stumpage  
5 fee went up beyond the \$6.93 on average, it would have  
6 to go out of business.

7 Q. And I just seized upon stumpage as  
8 one thing, but we can pick any cost factor and the same  
9 answers would apply?

10 A. They would have to adjust, yes.

11 Q. Now, just one last area, as I  
12 indicated, in relation to this issue of labour. There  
13 was a long discussion between you and the Board,  
14 particularly Mr. Martel, about whether in fact jobs  
15 which were lost in northern Ontario, particularly the  
16 pulp industry, were in fact replaceable.

17 And let's assume for the moment that the  
18 determination was that they weren't replaceable, let's  
19 assume they weren't replaceable at all, as I understood  
20 your evidence, the value of wood would then increase,  
21 just using the figures on this particular page, from  
22 \$6.93 to the total of that plus \$64.97?

23 A. Yes.

24 Q. Okay. And if the determination was  
25 made that the jobs might be replaced by people going



1 and finding alternate employment but at, say, 50 per  
2 cent of the wages that they could make in the pulp and  
3 paper industry, then the value of wood would increase  
4 from \$6.93 to -- you'd add half of \$64.97; is that  
5 correct?

6 A. That's reasonable, yes.

7 Q. Okay. That's fine, thank you.

8 MR. MARTEL: Why would that increase, you  
9 wouldn't be producing wood.

10 DR. VICTOR: No, but if the displaced  
11 labour force could find work elsewhere at half the wage  
12 rate, then that suggests that by employing -- well,  
13 that tells us how much they could then contribute to  
14 output in some other occupation.

15 In which case, whilst it would be a  
16 mistake to take all of the \$64.97 and say that  
17 represents a real cost in this situation, it would  
18 represent -- it would represent some cost, because if  
19 the labour is working here and does have an alternative  
20 form of employment, then the use of the labour to  
21 produce the wood has to be recognized as a real cost  
22 and, therefore, the labour is making a real  
23 contribution to the value of the final product.

24 DR. KUBURSI: You see, in economics we  
25 value the wages by the contribution to output. So the

1 value of the wage is the value of the output they  
2 produce.

3 MR. MARTEL: But if the job is lost...

4 DR. KUBURSI: But they're saying they  
5 found jobs in the alternative.

6 MR. MARTEL: Yes, but let's stick with  
7 the jobs in the forest industry. If the jobs are lost,  
8 there's no value because there's nothing being cut.

9 DR. VICTOR: No, but the labour, by the  
10 assumption that was given to us, is now going and  
11 producing something else.

12 MR. MARTEL: Yeah, but why is it going to  
13 drive up the cost of the value of wood?

14 DR. VICTOR: It's not driving -- it's not  
15 driving up the value of the wood. This is the  
16 interesting thing here. The value of the wood is  
17 always a residual because there's no -- we don't  
18 actually transact with nature, we don't buy it from  
19 nature, so the value of the wood in this kind of  
20 activity is what's left over after you take out all the  
21 other inputs.

22 MR. MARTEL: Because it stays there it  
23 still has some value.

24 DR. KUBURSI: And you subtracted all the  
25 opportunity.

1 MR. FREIDIN: Q. And looking at this in  
2 economic terms, in economic theory if I can put it that  
3 way, the higher the value of the wood, would it be fair  
4 to say, the more you could spend on silviculture?

5 DR. VICTOR: A. It's an almost yes.

6 Q. All right. Explain that, please.

7 A. To decide how much you should spend  
8 on silviculture you want to look at the incremental  
9 value of the wood. In other words, even if wood was  
10 very valuable and you were to spend lots of money on  
11 silviculture but it didn't increase the value of  
12 already valuable wood, it wouldn't make sense to do it.

13 So the important thing is when you're  
14 evaluating a silviculture program is to say, if we  
15 spend "x" amount of dollars on silviculture will it  
16 yield benefits of more than "x".

17 MR. FREIDIN: If I could just have one  
18 moment, please, Madam Chair. Thank you.

19 Q. Dr. Kubursi, now I would like to move  
20 on to some evidence that you gave today as well as  
21 during your evidence-in-chief, and I think it was --  
22 and it's about this question as to whether you need  
23 expertise in terms of socio-economics for every  
24 management unit.

25 And I think, Dr. Kubursi, you talked

1 about maybe having sort of a central depository and  
2 having assistance in relation to this issue in that  
3 manner for each forest management unit.

4 In that regard could you turn to page 9  
5 of the Coalition's terms and conditions, Exhibit 1637,  
6 please, paragraph No. 9. Do you have that, gentlemen?

7 DR. KUBURSI: A. (nodding affirmatively)

8 Q. The heading is Plan Administration,  
9 and the subheading is Planning Team. In term and  
10 condition 38 it says that:

11 "The planning team for all forest  
12 management units shall comprise a core of  
13 six experts with one representative of  
14 each of the following concerns...", and  
15 you'll see No. 5 is socio-economics, and if you drop  
16 down to term and condition 40 it says:

17 "All members of the planning team, except  
18 for the Chairperson, shall be duly  
19 qualified experts with the  
20 representatives for...", and go down to 4  
21 again:

22 "...socio-economics having at least an  
23 undergraduate university level degree  
24 with a socio-economics specialty and  
25 three years of relevant experience."



1                   Now, I take it from what both of you have  
2 said you aren't supporting a term and condition which  
3 is suggesting that you would need a hundred of these  
4 individuals because there are a hundred forest  
5 management units?

6                   Dr. Kubursi, is that a fair  
7 interpretation of what you said?

8                   MR. O'LEARY: Sorry, which terms and  
9 conditions are these again?

10                  MR. FREIDIN: 38 and 40.

11                  MR. O'LEARY: Can you identify where they  
12 appear in the witness statement, Mr. Freidin?

13                  MR. FREIDIN: Well, maybe they don't  
14 appear in the witness statement, but these two experts  
15 have given evidence about having to have this expertise  
16 at the planning level and whether they wanted to  
17 testify to those two terms and conditions or not, I  
18 think it's quite relevant and arises directly from  
19 their evidence.

20                  So if you're asking the Board to make a  
21 ruling that they shouldn't deal with it because they  
22 didn't say they wanted to talk about it, I would ask  
23 the Board to overrule your objection and allow me to  
24 ask the question.

25                  MR. O'LEARY: Madam Chair, if they feel

1 qualified to answer. I'm just suggesting that these  
2 are not terms and conditions that are identified in the  
3 witness statement as being areas that they were going  
4 to give evidence on, and it may be that these witnesses  
5 are not in a position to respond to that question.

6 MADAM CHAIR: Well, let's try, Mr.  
7 Freidin, put the question to the witnesses.

8 MR. FREIDIN: Q. Okay. Do you want me  
9 to repeat the question, Doctors?

10 DR. KUBURSI: A. Please.

11 DR. VICTOR: A. Yes.

12 Q. I understood from your evidence that  
13 you don't feel that it is necessary that there be a  
14 requirement that for every planning team that there be  
15 a specific person with socio-economics experience or  
16 the ability to do the kinds of analysis you spoke of to  
17 sit on every -- you wouldn't need a hundred of those  
18 individuals on the basis there were a hundred FMUs.

19 DR. VICTOR: A. I think I was the person  
20 who suggested that it may be unnecessary to have a  
21 hundred of them, yes, that's true.

22 Q. Okay. But I understood from your  
23 evidence you believe that it's important that some  
24 input be provided by someone with the understanding of  
25 these sort of techniques for each timber management

1 plan?

2 A. Yes, that's true.

3 Q. All right. I'm just trying to be  
4 fair to both of you.

5 A. Yes.

6 Q. Now, we go to 4, it says:  
7 this person, whether it's an individual for every  
8 forest management unit or whether it's the person who  
9 in fact is the same person who goes around from  
10 management unit to management unit to sit on different  
11 planning teams, term and condition 40 says that that  
12 person should be qualified for, and it says:

13 "...socio-economics having at least an  
14 undergraduate university level degree  
15 with a socio-economics specialty and  
16 three years of relevant experience."

17 I'm not aware of any degree in  
18 socio-economics; are you, and if -- regardless of your  
19 answer, what does that mean to you, someone who has a  
20 university level degree with a socio-economics  
21 speciality?

22 DR. VICTOR: A. Well, it's a term that's  
23 become common in this -- it's become a fairly common  
24 usage the term socio-economics. I might agree there's  
25 a Bachelor of a Social Science. Perhaps I'm as close

1 to a socio-economist as you might find in terms of  
2 formal qualifications, but I think what this refers to  
3 to and, you know, to be -- well, it is not a term and  
4 condition that I gave particular forethought to, though  
5 it wasn't one of the ones that I was adopting, but  
6 it -- what it says is that you want somebody who has  
7 got a university degree in economics, is aware of some  
8 of the social, particularly social dimensions of the  
9 economy, I think that's what socio-economics refers to,  
10 and has had three years of experience.

11 DR. KUBURSI: A. If I may add, Mr.  
12 Freidin, here I know at McMaster, I can speak for  
13 McMaster, we are moving now increasingly into a core of  
14 social science to be the basis of any degree in  
15 economics. We've increased the number of units to  
16 about a third courses in the core social science, and I  
17 presume this really refers to somebody either in  
18 sociology with a very strong emphasis on economics, or  
19 maybe in economics with a fair emphasis on course in  
20 social science.

21 Q. And three years of relevant  
22 experience. You may not be able to provide any light  
23 on what that really means in the context of this  
24 particular proposed requirement.

25 If you can, fine; if you can't, that's



1 fine as well.

2 DR. VICTOR: A. No, I'd leave that.

3 DR. KUBURSI: A. Yeah.

4 Q. Fine, thank you.

5 In relation to the provincial parks  
6 model, Dr. Kubursi, it's my understanding that that  
7 particular model is used for making decisions regarding  
8 the provincial allocation of funds, that is its major  
9 purpose.

10 A. I would not really describe it to be  
11 particularly just an allocation.

12 Q. In terms of its use, my understanding  
13 is that that in fact is its primary use?

14 A. It can be used.

15 Q. Are you able to -- are you familiar  
16 enough with what the Ministry uses that for or has used  
17 it for to be able to comment one way or the other on  
18 the suggestion that its primary use is indeed for the  
19 purpose of allocation of budget?

20 A. I've worked very closely with the  
21 people in the parks division and who have used it and  
22 we've been in frequent contact, and I think I'm aware  
23 of the context within which this model has been used.

24 Q. All right.

25 A. But I won't say it's solely used for

1 budget allocations, it's also used for socio-economic  
2 analysis of the impact of visitor expenditures on the  
3 parks in a relative manner.

4 Q. All right. Are you able to comment  
5 on whether it is used at the local level, at the park  
6 level for assessing alternatives as opposed to used for  
7 the purposes of just demonstrating what the economic  
8 impacts are of the expenditures which have, and the  
9 activities which have been decided upon?

10 A. I would say more the latter than the  
11 first.

12 Q. Right. It's not used for the  
13 purposes of -- all right. And what specific  
14 information do you have regarding the extent to which  
15 it is being used for any purpose? And the reason I ask  
16 you that is because you made the comment that, or if  
17 you didn't make the specific comment, I got the  
18 impression that you were suggesting that it is used  
19 routinely because I think you said something along  
20 those lines. What information do you have as to how  
21 frequently it indeed is used?

22 A. I said routinely. When I mentioned  
23 routinely, in the sense that not only at the Ministry  
24 of Natural Resources, that this model is continuously  
25 used in several ministries.

1 I know, for example, Ministry of Tourism  
2 and Recreation produces several reports that use this  
3 model. I know that now in the Ministry of  
4 Transportation under direction of the minister that in  
5 no contract or bid they would accept unless there is an  
6 estimate of the employment implications of each single  
7 company.

8 Q. Right. But the use, what you're  
9 talking about in terms of these other ministries, is  
10 the use of an economic impact model as opposed to use  
11 of the specific parks model; am I correct?

12 A. Yes.

13 Q. Okay, thank you.

14 You made a comment during your evidence  
15 regarding the Algoma study and you indicated - this is  
16 Exhibit 2119, which you don't have to look at - you  
17 indicated there were 25 participants, and that you  
18 asked the 25 participants to provide financial  
19 statements. And my notes may not be accurate, but I  
20 believe you said that the people - I think you were  
21 referring to the tourist operators - are usually  
22 zealous in protecting information. Is that what you  
23 said?

24 A. Yes.

25 Q. And could you explain to me what that

1 means and what implications that has for using that  
2 information in a planning process which is public?

3 A. Right. It's my experience that when  
4 you ask financial statements from business people that  
5 they usually are very reticent, unless they are aware  
6 and they are involved in the consequences of the  
7 planning process.

8 And this serves -- this exact exercise in  
9 Algoma and Upper Spanish Forest served to indicate that  
10 once people are involved and they have the stakes that  
11 they're willing to supply very privileged information.

12 I was involved in the original NOTOA  
13 study and we tried to get in general results and we  
14 didn't get very much, but when it came to a particular  
15 project, a particular area in which they were  
16 threatened or felt threatened or were called upon to  
17 put inputs in a planning process, they were very much  
18 happy to do so and did indeed. 88 per cent rate  
19 response was unachieved and is unachieveable generally.

20 Q. All right. Were there any  
21 precautions taken in those situations to keep the  
22 information which they willingly gave confidential in  
23 the sense that it wasn't going to be made available to  
24 the generally populace for their review or their  
25 comment?



1           A. There were -- you know, every effort  
2 was made to keep these things confidential, but indeed  
3 there are parts of the report, as you see now it has  
4 being public. The information itself as input had to  
5 be kept separate so we don't identify any particular  
6 operator, but the aggregate results are indeed public  
7 as the Ministry has made available this report.

8           Q. All right. Now, the reason I asked  
9 the question, Dr. Kubursi, is that I was thinking of  
10 sort of a situation that does arise from time to time  
11 in timber management plans where there's a specific  
12 operator and a specific road to use a hypothethical,  
13 and both of you have made suggestions as to how that  
14 might in fact be addressed, and particularly using  
15 economic approaches, whether it's valuation or impact  
16 assessments, and the timber management planning process  
17 is an open process and it's a public process where --  
18 parties have said it's a public process and, you know,  
19 we've got to make these tradeoffs very clear and we've  
20 got to make it traceable and replicable and  
21 understandable and those sorts of things.

22           And if what you're suggesting is that a  
23 financial analysis which is made for the purpose of  
24 making a tradeoff decision -- if you make the tradeoff  
25 decision based on financial information involving the

1 tourist operator, based on your experience, Dr.

2 Kubursi, how confident are you that there would be no  
3 problem in making that information public?

4 And I'm saying, the public can sit there  
5 and say: Look, you're spending public money and you're  
6 going to do this or that and if you're going to make  
7 that tradeoff decision based on this financial  
8 analysis, we want to see that information about that  
9 tourist operator.

10 Based on your experience, do you think  
11 that's going to be a problem?

12 A. I appreciate the situation that you  
13 are putting forward and I here I guess sensitivities  
14 are to be respected, but it is possible to still  
15 generate this data from expenditure aggregate that  
16 could be revealed without having to go to the extreme  
17 details of how these expenditures have been made and  
18 the calculations have been carried out.

19 Q. So this is something that would have  
20 to be addressed and addressed in a fairly sensitive  
21 manner?

22 A. In a sensitive manner, yes.

23 Q. Okay, thank you.

24 MR. MARTEL: Can I ask a question. How  
25 do you do it with, let's say, one remote operator, he's

1 off there by himself and the second -- I mean, there's  
2 just nobody else, you can't aggregate it, and you're  
3 trying to make a decision on, you know, whether you  
4 follow this route or that route and you really need the  
5 economics maybe to look at it, that's going to become  
6 public and many of the times in these hearings, and in  
7 this planning, it's people who have a concern that show  
8 up at the meeting, and I just don't know how you're  
9 going to get around it, because I'm not sure you can --  
10 I can understand in a study like you did where you can  
11 aggregate it, but what do you do with the remote guy,  
12 or two tourist operators on a fairly large lake,  
13 operating on the same lake?

14 DR. KUBURSI: All right. I recognize  
15 there would be difficulties.

16 MR. MARTEL: How do you do it.

17 DR. KUBURSI: I will report only the  
18 employment and I would refrain from putting every  
19 single number on the table. I'm sure they would be  
20 more than happy to brag about the number of jobs that  
21 they are being able to provide, but I would certainly  
22 be sensitive about providing the revenues.

23 MR. FREIDIN: Q. But the number of jobs  
24 might not be the basis on which the tradeoff decision  
25 was made, it may be that there were a lot of other --

1 I'm not saying I've got a solution to this problem, I  
2 just have the opportunity to ask you the question  
3 because you've done so much work in the tourism  
4 industry.

5 And given the planning process that's  
6 being discussed here, how do you -- if you've got any  
7 ideas how you deal with that, I would certainly like to  
8 hear them.

9 DR. KUBURSI: A. Well, the idea is to be  
10 very sensitive, but also I feel there are aspects,  
11 impact aspects, not perhaps total as one would like  
12 them to be, that you can still reveal and are routinely  
13 revealed.

14 Q. Thank you. During your demonstration  
15 of the model or of a model -- let me step back for a  
16 minute. You indicated there were four sort of  
17 categories of tourism, you know, U.S. visitors, local.

18 A. Yeah.

19 Q. Overseas.

20 A. Mm-hmm.

21 Q. Other provinces.

22 A. Right.

23 Q. And I don't remember, where did  
24 expenditures from local residents sort of fall within  
25 the hierarchy?



1                   A. When we say local, we mean Ontario  
2 residents.

3                   Q. If that's -- all right, Ontario  
4 residents.

5                   A. Yes.

6                   Q. Where did that fall in the hierarchy  
7 of, you know, one to four in terms of most money, I  
8 guess, most dollars, the biggest multiplier.

9                   A. Well, these two are separate issues,  
10 but let me comment on them separately, they're both  
11 relevant.

12                   The largest amount of tourist dollars  
13 comes from Ontario residents, that's true. The per  
14 dollar impact, and this is the multiplier, you'll find  
15 quite a bit of variation here, the largest doesn't come  
16 from the Ontario residents, it comes from other  
17 provinces.

18                   Q. The sum of the calculation -- is part  
19 of the calculation of expenditures on tourism in the  
20 north based on expenditures that northerners make in  
21 those categories which are the subject matter of data  
22 collection?

23                   A. Part.

24                   Q. Would it be a small part in terms  
25 of -- in terms of the -- I guess we're looking at, you

1 know, restaurants and motels and tourist operators and  
2 fishing experience and all those kinds of people, gas.  
3 Any idea what percentage of the Ontario contribution is  
4 made up of people who live in the north?

5 A. When you say live, it becomes very  
6 important.

7 Q. All right. Don't have to travel more  
8 than --

9 A. 50 miles for the Canadian survey and  
10 25 miles for the Ontario one. I would say that this  
11 really depends on particular -- if you give me time, I  
12 can give you exact numbers.

13 Q. Can you give me a ballpark?

14 A. No, I wouldn't dare.

15 MR. MARTEL: Can I ask a question on  
16 that, because I think it's long bothered us from the  
17 beginning of this hearing, is how do we know the true  
18 value of the tourist industry in northern Ontario when  
19 half the people who travel to work, I would venture to  
20 say at least half, travel that distance daily.

21 I mean, if you work in a mine you travel  
22 great distances to work, and that's part of the  
23 calculation, I presume, based on the fact that it takes  
24 anybody travelling over 25 miles a day, and very few  
25 people don't travel that far.

1                   If one looks at Sudbury, I mean, you go  
2           from Garson to Copper Cliff or you go from Levac to  
3           Chelmsford, and that's just the Sudbury example. And  
4           just how skewed are those figures by that fact, or is  
5           there another way that we should be - and we heard this  
6           right at the beginning of this process, that we can't  
7           really get a good handle on what the real worth of  
8           tourism is in the north.

9                   DR. KUBURSI: Fortunately, I mean what  
10          you're asking, Mr. Martel, is very relevant, but  
11          fortunately we have in these surveys several other  
12          questions that allows us to what we call cross-classify  
13          and weed out.

14                   We ask people the purpose of the trip,  
15          was it for business, for pleasure, for visiting  
16          friends, so you can, if you really want to, delimit and  
17          focus on only those trips that are outside the regular  
18          travelling business.

19                   MR. MARTEL: Is that being done though?

20                   DR. KUBURSI: And it has been. I mean, I  
21          know when I deal with things I try to weed out some of  
22          these other expenditures and we have something we call  
23          sometimes attribution index.

24                   In the sense that I'm looking at the  
25          particular impact of, say, Old Fort William in Thunder

1 Bay. I don't want to include in that impact anybody  
2 who just visited the place. We tend sometimes to have  
3 what we call the attribution index of the total number  
4 of visitors who have come to Thunder Bay as the primary  
5 target and travel plan.

6 And all these possibilities exist because  
7 the travel surveys, whether that of Ontario or that of  
8 Canadian one, ask numerous questions and these come to  
9 be at the forefront.

10 MR. FREIDIN: Q. And you talk about  
11 tourism and the numbers for tourism. I mean, I went to  
12 Thunder Bay every week for two years, and so did a lot  
13 of other people in this room, all the money we spent  
14 there would show up as tourism dollars.

15 If you surveyed me and said: What did  
16 you come here for, I came here for business. How much  
17 did you spend and I told them, and how far did you  
18 come, I said all the way from Toronto, would I be in  
19 the stats for tourism?

20 DR. KUBURSI: A. You would be in the  
21 stats for travellers, but we can easily eliminate you  
22 when we come to tourism because your primary objective  
23 was not coming for pleasure or for visiting friends but  
24 came for business.

25 Q. So the numbers that we see produced



1 under many of these reports about tourism dollars  
2 exclude the visitors who fall in my category and only  
3 reflect those who say they came for pleasure?

4 A. Right. I mean, we totally -- of the  
5 total, for example, that I've been working with, all  
6 the travellers and miles that have been travelled in  
7 Ontario, for example, 90 per cent is usually ascribed  
8 to tourism.

9 Q. Can you break out those tourism  
10 figures into tourism generally, the person that goes to  
11 Thunder Bay to go skiing from the people who actually  
12 come and spend their money on remote tourism, and the  
13 spinoff benefits multiple -- you know, where did the  
14 money get spent?

15 A. Yeah, as I said, this is really this  
16 question that I call the attribution index, where we  
17 would likely to classify things, classify trips by  
18 their main destination, their main purpose. There are  
19 secondary trips that are off the main purpose.

20 Q. All right.

21 A. These would be included under the  
22 general dissertation, but would not really be totally  
23 attributed to that place because the trip did not  
24 originate on account of this.

25 Q. Right. But it seems to me that most

1 people who would go and take advantage of a remote  
2 tourist facility, that would probably be their primary  
3 purpose for coming into the area?

4 A. Yeah.

5 Q. And are you able to withdraw from the  
6 statistics that are produced in relation to tourism  
7 what proportion of those total tourist dollars can be  
8 attributed, in the way you use that term, to remote  
9 tourism?

10 A. Yeah. I mean the surveys are very  
11 extensive and remote tourism is one of the  
12 classifications.

13 Q. All right. So you can pull that out?

14 A. I can.

15 Q. But the number -- all right, thank  
16 you.

17 Dr. Victor, you -- there's one comment in  
18 your witness statement about existence values that I  
19 want to ask you about. Let me see if I can find the  
20 page. Page 16, Answer 26.

21 DR. VICTOR: A. Yes.

22 Q. And page 16, Answer 26:

23 "Can you give examples of non-use value?"

24 And you said:

25 "Yes. The most important category of

1 non-use value of a forest is commonly  
2 referred to by economists as existence  
3 value."

4 Now, existence value is a non-use value?

5 A. Yes.

6 Q. Why did you say that that it,  
7 existence value, was the most important category of  
8 non-use values as you -- why did you say that, why did  
9 you rank it like that?

10 A. Well, I think I say elsewhere in the  
11 witness statement that the classification of the  
12 components of value has not finally been settled upon  
13 by economists.

14 Q. Classification being ranking?

15 A. No, no. Classification, you've  
16 probably heard terms like existence values, bequest  
17 value, option value, quasi-option value. I mean,  
18 there's a lot of terms that are used. Existence value  
19 is sometimes interpreted broadly to mean any non-use  
20 value, in which case it really becomes the only  
21 category.

22 Some people distinguish between existence  
23 value and option value; in other words, the value to  
24 them of keeping an option open so that they can make  
25 some use of it in the future.

1                   So my comment here is, I'm afraid it  
2 perhaps isn't as precise as it should be and maybe if I  
3 had spelled it out this way in the witness statement it  
4 would have been clearer, but...

5                   Q. How should we read it?

6                   A. I think you should read it as it's  
7 stated that there is this -- well, you should read it  
8 as follows: There is, in my view, a value that people  
9 attach to the existence of natural resources, in this  
10 case forests, which have no relation to their current  
11 use or future intended use, and that that is, in some  
12 cases, an important component of value. That's what  
13 I'm saying.

14                  Q. Okay. You're not putting any --  
15 you're not ranking it as the least important, the most  
16 important, medium importance, it's just a comment that  
17 you just made?

18                  A. It is important, that's what I'm  
19 saying.

20                  Q. Thank you. You also in your evidence  
21 referred to the Tongass Forest.

22                  A. Yes.

23                  Q. And you referred to that in page 17,  
24 Answer 30. The Board asked for a copy of that  
25 particular report. You were asked an interrogatory



1 about that, it's Interrogatory No. 11, and you'll find  
2 that at page 7 of Exhibit 2111. Do you have that?

3 A. Yes.

4 Q. And the question you were asked  
5 was -- you indicated that a classification system of  
6 economic values, specifically for application to  
7 forestry, has been developed by those particular  
8 authors for the Tongass Forest.

9 And we asked whether you agreed that:

10 "...the work of Randall, Holman and  
11 Swanson is a conceptual framework only  
12 and that research is necessary to deal  
13 with the issues identified in that  
14 framework before it can be actually  
15 applied, before it can actually be  
16 applied in the Tongass Forest and, if  
17 not, why not?"

18 You said:

19 "No."

20 You say:

21 "As well as setting out a conceptual  
22 framework, they recommend the operational  
23 application of the three generic  
24 valuation methodologies described."

25 Now, again --

1 MR. FREIDIN: Was that marked as an  
2 exhibit.

3 MADAM CHAIR: The interrogatories?

4 MR. FREIDIN: No. 2126 was the --

5 Q. Now, the three methodologies which  
6 you say -- the three methodologies which you say that  
7 they say there should be operational application of,  
8 which ones were they?

9 DR. VICTOR: A. Certainly includes the  
10 travel cost method and the contingent valuation method.  
11 I'm just going to check to see what the third method  
12 is. I think it's the hedonic price method.

13 Q. Okay. Now, will you turn to page 10  
14 of that particular exhibit, please.

15 A. Yes.

16 Q. And under Approaches to Valuation  
17 Research, page 10.

18 A. Yes.

19 Q. Under the heading, Approaches to  
20 Valuation Research, the authors state:

21 "In this section we outline briefly some  
22 viable approaches to valuation of the  
23 recreational, visual, habitat and quality  
24 of life benefits in the Tongass National  
25 Forest. The purpose is to suggest a

1                   program of research to generate valid  
2                   estimates of total value and component  
3                   values."

4                   A. Yes.

5                   Q. Now, what do they mean? Are they  
6                   saying that some research is needed generate valid  
7                   estimates which could then be used in the three  
8                   methodologies that you described; is that what they're  
9                   saying?

10                  A. No.

11                  Q. What does this mean then?

12                  A. I'll have to give you perhaps a more  
13                  complicated answer than you would like.

14                  Q. And, as I say, the reason I'm asking  
15                  it it is because I've read the document and I get the  
16                  sense that it is setting out a framework for research,  
17                  and they're saying that we've got to do some work to  
18                  generate valid estimates, and -- although they're  
19                  providing a framework and they say use these  
20                  methodologies that you've talked about. You know,  
21                  that's the way I've interpreted it.

22                  And I would like some clarification as to  
23                  whether I've completely misinterpreted the document,  
24                  which won't be the first time if I have.

25                  A. When economists got into the business

1 of estimating non-use values -- no, not non-use,  
2 non-timber values, let's say, recreation, tourism, what  
3 they did was to develop methods of estimating sort of  
4 pieces of the total. So, in other words, while I think  
5 we all recognize that the non-timber values of the  
6 forest consist of more than just the recreation values  
7 or even the angling value, you know, angling, hunting,  
8 it can include the value that we've talked about as  
9 existence value, it can include the value people might  
10 have just to leave something for the future and so on.

11 Q. So it has more than just use value,  
12 it has non-use value as well?

13 A. Exactly. So a lot of the work  
14 focused on particular components, and then people began  
15 to ask quite reasonably: Well, what's the total  
16 picture we're looking at, what's the total value.

17 And in this study they've tried to  
18 establish a framework, a logical consistent framework  
19 that allows you to identify the total value and, within  
20 that, the component values.

21 Q. Right. So that they were addressing  
22 what hadn't been addressed before to any great extent  
23 and that was the issue of non-use values?

24 A. No, it had been addressed before but  
25 it hadn't necessarily been addressed in an entirely



1 consistent way.

2 Q. All right.

3 A. Now, the -- and so that's what makes  
4 this paper interesting, is that they've tried to lay  
5 out a consistent framework, but the reason why I  
6 responded to the interrogatory in the way I did, that  
7 it goes further than just setting out a conceptual  
8 framework, is that if you turn to page 13, there's a  
9 paragraph there, second paragraph which says:

10 "Several studies to estimate various  
11 activity values --"

12 Q. Let's me just --

13 A. I'm sorry second paragraph on the  
14 second column of page 13.

15 Q. On the righthand side.

16 A. Yes.

17 Q. Okay, I have it.

18 A. "Several studies to estimate various  
19 activity values have been completed, are  
20 underway or may be initiated and  
21 completed in the short term. These  
22 studies will provide much of the benefits  
23 data for short-term planning."

24 And then it goes on to explain that:

25 "These studies will be undertaken by

1 forestry service research staff and the  
2 staff of cooperating agencies because  
3 external contracts are already in  
4 process."

5 And then they mention three particular  
6 studies that are underway and which I can tell you in  
7 at least one case has been completed.

8 They commented after Item C:

9 "These studies have not been designed  
10 according to the valid evaluation design  
11 recommended here. For the short-term  
12 planning effort it is unlikely the  
13 complete and empirical estimates based on  
14 the valid evaluation design will be  
15 available."

16 I think this is the next sort of  
17 important sentence:

18 "For some benefit estimation tasks these  
19 activity value studies will generate the  
20 best or the only results usable in the  
21 short term."

22 Now, I think it's a fair interpretation  
23 of that sentence, or that paragraph, to say that they  
24 take the view that these results should be used in the  
25 short term, and that was why I said that this is more

1 than just a statement saying that research should be  
2 done. In fact, the last paragraph that's there is very  
3 well worth reading.

4 "I think that for the longer term these  
5 studies and their successors will produce  
6 activity values that we are optimistic  
7 can be routinely used in valid benefit  
8 estimation for policy and management  
9 proposals."

10 Q. All right. The conclusion goes on  
11 and it states:

12 "The report is introduced as a conceptual  
13 framework for benefits research."

14 In the first paragraph:

15 "This report is discussed in unmarketed  
16 benefit evaluation procedures currently  
17 in use has introduced a conceptual  
18 framework for benefits."

19 A. Yes.

20 Q. At the end, the last three lines:

21 "The conceptual and methodological  
22 development that will flow from this  
23 plan of research in the Tongass National  
24 Forest may eventually receive wide-spread  
25 application in forest management

1 planning."

2 A. Yes.

3 Q. So at least there is no --  
4 regardless of what has been developed there, or to the  
5 extent that it's been developed, there's no decision  
6 that, in fact, this particular model will be used for  
7 large application, it may, but there has been no  
8 further decision in that?

9 A. No, but in the meantime we do know  
10 from the other evidence that I've put in that valuation  
11 estimates are being used in forest management planning  
12 in the U.S.

13 What this study is about -- I mean, it  
14 is, if you like, call it if you want, a frontier study.  
15 It's a study which says: Look, you know, our ideas,  
16 our understanding of the issues is evolving and  
17 improving and they are still improvements to be  
18 expected, but that's to say, of course, that there  
19 aren't estimates of value that are already being used  
20 in forest management planning in the United States.

21 Q. What do you mean by frontier study?

22 A. It's a study where the authors are  
23 trying to help all of us develop our understanding of  
24 these issues.

25 Q. Okay.



1                   A. In that sense, it's at the frontier  
2 of the discipline.

3                   Q. All right. Does the phrase  
4 piece-wise independent valuation mean anything to you?

5                   A. Yes.

6                   Q. What does it mean?

7                   A. Well, I think it refers to what I was  
8 saying before, that is estimating components of  
9 non-timber values, item by item, piece by piece.

10                  Q. And is that what this study attempted  
11 to deal with, to develop a framework in fact to get  
12 around that and to look at things together, to look  
13 the, like, the total value and the component values  
14 together in some way?

15                  A. That's the issue that they've  
16 addressed, yes.

17                  MADAM CHAIR: But don't you agree, Dr.  
18 Victor, as we discussed yesterday or the day before, at  
19 the end of the study they're still left with their  
20 environmental account ledger being empty.

21                  There are words there describing  
22 narratively how important a value might be, but there  
23 is no valuation given to it in any way that makes it  
24 comparable to visitor days or other economic  
25 valuations.

1 DR. VICTOR: No, no, I think perhaps  
2 that's a misinterpretation here.

3 MADAM CHAIR: And you refer to that as  
4 being the multiple account approach.

5 DR. VICTOR: No, no, no. The situation I  
6 see is this. The easiest service of the forest that we  
7 can put an economic value to is the timber, that's the  
8 easiest one. If it's traded we just look at the market  
9 price; if it's not traded, we've seen that you can  
10 still make some estimates of that. Now, that's that  
11 service.

12 Now, in timber management planning very  
13 often we're trading off the different services or we're  
14 looking at ways to promote the output of services.  
15 Now, what has happened in the last 30 to 40 years of  
16 applied economics is that we found ways of estimating  
17 parts of the other values, the recreational value. A  
18 lot of those can now be estimated in ways that are  
19 comparable; in other words, we're not shifting things  
20 from that list you've alluded to of all the things we  
21 can't quantify, we're moving some over and we're moving  
22 more and more of them over, and I believe that we've  
23 reached the position, without doubt, that we can handle  
24 a lot of the recreational values in dollar terms.

25 And so we can make the direct comparison

1 between the value of the forest for producing timber or  
2 for recreation, and I do insist that it's not always a  
3 tradeoff, it may be that an access sex road will help  
4 stimulate both. So that information and those  
5 estimates can be used.

6 That's not to say that we've moved  
7 everything into that side of the ledger, but this paper  
8 I think is useful for showing that the work is ongoing,  
9 that attempts -- there's an enormous amount of interest  
10 in this area of activity in Canada as well as in the  
11 U.S. where the work is progressing, and I think we have  
12 very much reached the stage where we can now draw upon  
13 this kind of work in timber management planning.

14 And in a sense, that's all I've been here  
15 to say to you. That's what I've come to say, that we  
16 can now use this.

17 MADAM CHAIR: Mm-hmm.

18 DR. VICTOR: But, no, you're absolutely  
19 right, we haven't got it to the point where everything  
20 is put in the same metric, which would make life a lot  
21 easier. No, we haven't reached that point yet, but we  
22 can do a lot of it.

23 MR. FREIDIN: Q. The approach that was  
24 used in the Tongass Forest, as you described it, you  
25 took me to a certain portion on page 13, is that -- you

1 described what they're doing there in terms of what  
2 they've been able to do to that point in time - is that  
3 an example of piece-wise independent valuation?

4 DR. VICTOR: A. Can you give me the  
5 question again, please.

6 Q. Okay. In the Tongass Forest report--

7 A. Yes.

8 Q. --page 13, you took us to certain  
9 portions on the righthand column.

10 A. Yes.

11 Q. And indicated that they had done some  
12 studies, they hadn't really looked at everything, but  
13 they decided that they would make certain estimations  
14 based -- they made some estimations.

15 A. Yes.

16 Q. And is what is described there, does  
17 that in fact -- is that an example of piece-wise  
18 independent valuation?

19 A. Yes, I think so. I mean, if you  
20 found the part in the report where they refer to  
21 piece-wise independent valuation--

22 Q. I don't think they do refer to that  
23 phrase.

24 A. --I would be able to agree. Oh, they  
25 don't, eh?



1 Q. But is your understanding of that  
2 concept, I take it from your answer, that you believe  
3 that what you've referred to, in fact, is an example of  
4 a piece-wise independent valuation?

5 A. I think so, yes.

6 Q. All right. I would like to refer you  
7 to a document, it's a 1991 publication, it's entitled:  
8 Measuring the Demand for Environmental Quality, it is  
9 authored -- it's edited by Braeden. The author of the  
10 article I'm going to refer you to is Allan Randall, the  
11 same person who authored Exhibit 2126, and I'll just  
12 give you one excerpt -- one page of that, page 321.

13 You have the book there?

14 A. I think so.

15 Q. Okay.

16 A. Maybe I don't. What page is it?

17 Q. Page 321.

18 A. 321.

19 Q. 10.5 Conclusions. No, this  
20 particular exhibit that I gave the Board and everyone  
21 else has on the lefthand side nineteen eight with a  
22 blank, but can you confirm for me that the document was  
23 in fact published in 1991?

24 A. Yes, the book was published in 1991,  
25 yes.

1 Q. All right. And the article by  
2 Randall --

3 MR. O'LEARY: Do you happen to know what  
4 the date is?

5 MR. FREIDIN: The actual date in 1991?

6 MR. O'LEARY: No. It says 1980  
7 something.

8 MR. FREIDIN: No, no, that's the sequence  
9 number. No, actually at the bottom of this page here,  
10 if you've got a properly xeroxed copy, it's got 1991  
11 right below this little crest.

12 MADAM CHAIR: What did you say the  
13 exhibit number was, Mr. Freidin?

14 MR. FREIDIN: There isn't an exhibit  
15 number. I'm asking that it be made an exhibit. So it  
16 will be an excerpt from this document, page 321, which  
17 is an excerpt of a paper by Allan Randall entitled:  
18 Total and Non-Use Values, it actually comprises Chapter  
19 10 of his book.

20 MADAM CHAIR: And the book itself is not  
21 an exhibit?

22 MR. FREIDIN: The book is not an exhibit.

23 DR. VICTOR: It's in the bibliography to  
24 my evidence.

25 MADAM CHAIR: Thank you, Dr. Victor.

1 This be Exhibit 2127.

2 ---EXHIBIT NO. 2127: Excerpt from book entitled: Total  
3 and Non-Use Values, authored by  
4 Allan Randall comprising Chapter  
10.

5 MR. FREIDIN: Q. In the section on  
6 conclusions. Dr. Victor--

7 DR. VICTOR: Yes.

8 Q. --if we look at the first paragraph,  
9 three lines up from the bottom, the first paragraph, it  
10 says:

11 "The researcher is still faced with the  
12 ambiguity about correct methods of  
13 evaluating non-use benefits. What is  
14 known and not known about these methods  
15 is summarized below...", and No. 3 is the  
16 one I want you to comment on. It says:

17 "Piece-wise independent valuation is a  
18 common procedure and it has the virtue of  
19 permitting some economies in benefit  
20 estimation through the use of typical  
21 values for various kinds of use.  
22 Unfortunately this procedure is  
23 misleading with respect to both total  
24 value and component values. Although  
25 some researchers are developing

1 procedures that will use piece-wise  
2 independent data for approximating valid  
3 benefit evaluation, as yet none exist."  
4 I don't know how to frame the question,  
5 but I look at that and I say, it seems to cast some  
6 doubt upon a suggestion that, in fact, the methodology  
7 is sort of out there and can be used, particularly the  
8 one which you described as piece-wise independent  
9 valuation. That's what this author seems to be saying.

10 A. So the question is...?

11 Q. I understood your evidence by going  
12 to the Exhibit 2126 and reading to me what they in fact  
13 did you were making some suggestion that there was an  
14 example of doing something and that we should do that.  
15 You also said that that is an example of piece-wise  
16 independent valuation.

17 I read this comment by that author, it  
18 seems to say that it's misleading to do piece-wise  
19 independent valuation. So I'm putting at its grossest  
20 level and this author, if these words sort of have a  
21 meaning to a normal individual, seem to say: Don't do  
22 it, whereas you've taken the article 2126 said: Do it.

23 And I may be putting it at too gross a  
24 level when there's a finer point to be put on it, and  
25 can you help me out?



1 A. Yes, I think I can.

2 First of all, I think you have to  
3 appreciate the kind of book this is. It's a good book,  
4 that's why I included it in my bibliography, but it is  
5 a book written for the theorist and researcher in this  
6 area and I'm sure if you've flipped through even some  
7 of the pages of this article you'll see that it's --  
8 there are strings of equations there that probably  
9 don't make a lot of sense.

10 Q. Right. If you look at 2126, we have  
11 the same -- we have pages and pages of absolutely  
12 incomprehensible equations to me.

13 A. Right.

14 Q. So does that mean that this is pretty  
15 theoretical too, 2126, because of those?

16 A. It has theory in it, I think so,  
17 there should be.

18 Q. Okay.

19 A. Because estimating values without a  
20 theoretical base is not going to get you anywhere.

21 Q. Okay.

22 A. So this is a book written for, you  
23 know, people very expert in the area. Now, one of the  
24 things that economists try to find is, if you like, the  
25 analytically correct solution to a problem.

1                   Now, we have a theory of how humans value  
2 things, a whole -- it goes back 200 years, I don't  
3 know, of human evaluation, utility theory, and what  
4 Randall is saying in this paper is that from the point  
5 of view of that theory, there's no, as yet,  
6 analytically correct way of taking these component  
7 estimates--

8                   Q.   Mm-hmm.

9                   A.   --and adding them up to get exactly  
10 the same total estimate. If you had a way of adding  
11 the total non-use value and breaking that down into its  
12 parts, you might come to a different conclusion than if  
13 you estimated the parts individually and added them up  
14 to get the total.

15                   And that's the problem he's looking at.  
16 It's a very important problem, however, that's not to  
17 say that the individual component estimates are --

18                   Q.   By individual component estimates  
19 you're talking about the estimates of specific use or  
20 non-use values?

21                   A.   Yeah, like angling, okay, or hunting.  
22 That's not to say that those estimates are - well, I  
23 have to use that phrase - worse than useless.

24                   He's saying, as I read this, that there  
25 may well be errors in those individual estimates. We

1 don't have the theoretically analytically correct base  
2 to say how large those errors will be, but that's not  
3 to say that faced with a practical decision of how do  
4 you decide between A and B, between various timber  
5 management plans that the kinds of information you get  
6 from these studies isn't helpful.

7           And I would go one step further than  
8 that. The risk that's always faced in not valuing  
9 non-timber values is that they get an implicit value of  
10 zero. We know they're not zero, so we know that is  
11 wrong. And the efforts - and Randall is one of the key  
12 players in this field - to develop usable estimates,  
13 I'm sure would agree, that it's better to continue  
14 using the individual component estimates that we are  
15 capable of producing, especially when we have specific  
16 information about the area that we're in, than to not  
17 use these values at all.

18           Because, remember, he's trying to come up  
19 with some kind of grand general theory which will deal  
20 with all of these difficulties, regardless of the  
21 empirical circumstances.

22           But we may very well know in a particular  
23 area that angling is the major activity or hunting is  
24 the major activity, and yet that there are no unique  
25 features that would have existence value, so we have

1 got real information in that situation if we can value  
2 gains or losses to angling. I would think that such  
3 estimates would be quite useful and meaningful.

4 Q. Who makes that decision, that angling  
5 is the only value out there, we don't have to really  
6 worry about these other things.

7 A. I didn't say you don't have to worry  
8 about the other ones, I said you don't have to worry  
9 about errors that might get introduced when you add up  
10 the different valuations.

11 If you say angling is going to count for  
12 arbitrarily 60, 70, 80 per cent of the total non-use  
13 values, then the error -- and you're going to estimate  
14 angling, well the error you're going to introduce when  
15 you add the other components to it is not going to be  
16 that significant.

17 DR. KUBURSI: A. And this is always the  
18 way you should really look at this is independent step  
19 wise adding to a total value. I mean, the issue is not  
20 that non-existence value are not important and are not  
21 to be considered, but that if you use this step wise  
22 you're going to have some difficulty aggregating the  
23 components to be equal to the total value if you were  
24 to estimate it independently. That's about it.

25 Q. And if, in fact, you were going to



1 sort of use the approach that is being worked on by  
2 Randall in the Tongass, would it be fair to assume that  
3 you'd have to at least look at that framework and see  
4 whether it should be tailored to the Ontario setting?

5 DR. VICTOR: A. Yeah, I think you would  
6 want to take a look at part of those five steps that I  
7 laid out.

8 MR. FREIDIN: Thank you. Almost  
9 finished, gentlemen. The last subject matter I want to  
10 ask you about is recycling.

11 MADAM CHAIR: Excuse me. How long will  
12 you be, Mr. Freidin?

13 MR. FREIDIN: Five, ten minutes, absolute  
14 most.

15 Q. In terms of recycling, I'll go back  
16 and look at my notes. I got the impression that both  
17 of you were suggesting that - and let me say, I'm not  
18 saying there's anything wrong with recycling,  
19 everybody agrees that that's a good thing - I got the  
20 impression from your evidence, gentlemen, that you were  
21 saying that increased recovery rates in terms of waste  
22 paper could have a significant effect on the  
23 requirement for roundwood by the various mills in  
24 Ontario.

25 Was that the message that you were

1 attempting to deliver, first of all, Dr. Kubursi?

2 DR. KUBURSI: A. I think the most  
3 important message is that you can't look at  
4 environmental aspects without looking at the economic  
5 aspects, and that's exactly the kind of message maybe  
6 in a reverse way that we're putting here; if you look  
7 at recycling, as you said - and I agree with you and  
8 there's nobody here who would not agree, that is a good  
9 thing environmentally to have a clean environment and  
10 not to dump our waste if we can recover something from  
11 it - unfortunately, given the economic conditions that  
12 we have now, this recycling, from an environmental  
13 point of view, pushed from purely environmental point  
14 of view, even from the preferences of the public is  
15 going to, in the short run at least with certainty, in  
16 the long run - Gaines said it beautifully, we're all  
17 dead, we don't know, but let's not go that far - there  
18 are going to be some basic economic dislocations,  
19 primarily along three lines.

20 One, the north will disproportionately  
21 lose more jobs than is gained in the south; two, the  
22 economies export potential will be compromised, we are  
23 tinkering with an industry that has been traditionally  
24 export earner and we may, if we push recycling too  
25 fast, become a net importer of garbage from the rest of

1 the world; three, that it might not really be that  
2 far-fetched to expect there will be excess supply of  
3 timber as demand wanes down. That's the message.

4 Q. All right. A reduction in the demand  
5 for timber, does that mean a reduction in the demand --

6 A. For virgin product.

7 Q. All right. But will there be a  
8 decreased demand for products produced by the forest  
9 industry, be it pulp and paper or lumber?

10 A. Well --

11 Q. Let's not talk about lumber because  
12 lumber is -- let's talk about pulp and paper now.  
13 There's still going to be a demand for paper products;  
14 is that correct?

15 A. This would be inappropriate to look  
16 at it this way.

17 Q. Well --

18 A. Because the issue here is pulp and  
19 paper made from virgin pulp versus paper products made  
20 from recycled fiber, that's the issue.

21 Q. All right. So let's put it this  
22 way. You're saying, I think you indicated to Ms.  
23 Swenarchuk that there may be a reduction in the amount  
24 of roundwood, if one assumes that the export markets  
25 which are the primary market of pulp paper coming out

1 of Ontario, that market says we aren't going to accept  
2 any products unless you've got a certain--

3 A. Per cent.

4 Q. --percentage of recycled.

5 A. (nodding affirmatively)

6 Q. Then if those requirements can't be  
7 met by the Ontario producers, they're just not going to  
8 be able to sell their products, so they will stop  
9 harvesting roundwood because they won't need it any  
10 more. Is that what you're saying?

11 A. Well, what I'm saying is that if they  
12 continue to harvest roundwood for this purpose, they  
13 won't be able to sell it.

14 Q. Okay. Let's take out of the equation  
15 the ability to sell it or not. We have heard evidence,  
16 and I'm trying to find out whether there's a  
17 contradiction between your evidence and between what  
18 other witnesses have said.

19 Leaving aside the acceptability of the  
20 product to the United States market, if one assumes  
21 that the markets which exist for Ontario products now  
22 continue to exist, I mean the demand is still there and  
23 they don't require a certain content of recycled  
24 material, let's assume that you in fact can increase  
25 the recovery rate of waste paper in this province to a



1       hundred per cent, do you have any basis on which to  
2       indicate what that would mean in terms of a reduction  
3       in the amount of roundwood which would be required by  
4       the mills as furnish to meet that demand?

5                   A. We have actually some forecasts  
6       that's done for us here. I mean --

7                   Q. Is that in the answer to the  
8       interrogatory?

9                   A. This is part of the -- it's appended;  
10      isn't it?

11                   MADAM CHAIR: Are you talking about --

12                   MR. FREIDIN: MNR 25.

13                   MADAM CHAIR: Yes. It's the Canadian  
14      Pulp and Paper Producers Association.

15                   DR. VICTOR: I'm not sure if that's what  
16      Dr. Kubursi intended to refer you to.

17                   MR. FREIDIN: If I can just have a  
18      moment, I want to find my copy.

19                   MADAM CHAIR: Mr. Freidin, we are going  
20      to have to take a break. We will be back in 15  
21      minutes.

22                   MR. FREIDIN: This is my -- if not my  
23      last question, I think it's my second last question.

24                   MADAM CHAIR: I think our court reporter,  
25      though, needs to --

1 MR. FREIDIN: Okay, fine.

2 MADAM CHAIR: All right. Thanks.

3 ---Recess at 3:30 p.m.

4 ---On resuming at 3:45 p.m.

5 MADAM CHAIR: Mr. Freidin.

6 MR. FREIDIN: Sorry, I'm late, Madam  
7 Chair.

8 Q. Don't ask me to repeat the question.  
9 Do you have an answer?

10 DR. KUBURSI: A. I was about to ask you.  
11 I'll give the same answer anyways.

12 Q. Oh, you will, regardless of the  
13 question. Let me just preface it with, am I correct  
14 that the recycling -- the use of waste paper in terms  
15 of, you know, recycling, it affects the newsprint  
16 portion of the forest industry?

17 DR. VICTOR: A. Well, it could affect  
18 that portion and other portions too, yeah.

19 Q. But it's the newsprint which has the  
20 minimum requirements in the United States -- all right.  
21 forget the United States.

22 What percentage of roundwood, what kind  
23 of reduction in roundwood would you anticipate there  
24 being in Ontario if there were no recycled content  
25 requirements in the major markets, if in fact you had a

1 recovery rate of a hundred per cent?

2 DR. KUBURSI: A. Okay. The issue you  
3 single out correctly, in the sense that you need to  
4 know what the recovery rate. Let's talk about it from  
5 a basis of some number that we have, so it's not really  
6 hypothetical. I have here the figures and I'll try to  
7 introduce this for the Board. Do they have a copy of  
8 it?

9 DR. VICTOR: A. Yes, it was contained in  
10 somebody's evidence, not ours.

11 DR. KUBURSI: A. Yes. It's the Canadian  
12 Pulp and Paper Association.

13 MADAM CHAIR: Which page, Dr. Kubursi?

14 MR. FREIDIN: It's attached as the answer  
15 to 25.

16 MADAM CHAIR: It's attached as part  
17 Exhibit 2111, 25 and 27. Part of the interrogatories.

18 MR. HANNA: No, Madam Chair, this is from  
19 Panel 17's evidence I believe, Mr. Duncanson when he  
20 came back and gave evidence to the Board on recycling  
21 and this is an exerpt from that, it's page 58.

22 MR. O'LEARY: I believe Table 4.

23 MR. HANNA: From that witness statement.

24 MR. FREIDIN: Q. Well, that's the only  
25 copy we have in the room, so...

1 DR. KUBURSI: A. I will be very brief,  
2 just only give you two numbers that we need and that's  
3 all.

4 Q. All right.

5 A. In 1987 the total production of paper  
6 and paperboard was 4.1-million tonnes.

7 Q. These numbers are coming from Mr.  
8 Duncanson's evidence?

9 A. But this is -- the source of this is  
10 Canadian Pulp and Paper Association.

11 Q. Yes.

12 A. So 4.1-million tonnes is the total  
13 production, 2.6-million tonnes was the paper/paperboard  
14 consumption in Ontario. These are Ontario figures.

15 Q. Paperboard.

16 A. Paper and paperboard they add them  
17 together as paper/paper products. Now, if we assume a  
18 hundred per cent recovery as you're saying --

19 Q. Before we do that, it says for the  
20 production of paper it's 4.1 and it says paper and  
21 paperboard was two million six.

22 A. No, no, no. The production, both are  
23 exactly in same terms. Paper and paperboard production  
24 is 4.1 paper and paperboard consumption is 2.6.

25 Q. Oh, All right. Thank you.



1                   A. All right. If we assume hundred per  
2 cent recovery we get 63 per cent of the total output  
3 coming from waste paper and paperboard, I would presume  
4 that we can measure the reduction in the demand for  
5 virgin pulp in that amount.

6                   Q. And is it that analysis that led you  
7 in some way to your percentages in your answer of 60  
8 per cent?

9                   A. I mean, this would lead me to  
10 conclude that the percentages we put there are not  
11 totally far-fetched, because we are importing about .4  
12 now, even if we have 80 per cent recovery on this,  
13 would put us in the ballpark figure.

14                  Q. Dr. Kubursi, do you have any  
15 particular expertise in the area of mill production or  
16 the capacity for recycled material or capacity coming  
17 on stream in Ontario or the amount of actual waste  
18 paper which is available to provide as furnish in  
19 Ontario, or are you getting all of your -- making your  
20 calculations based on an interpretation of data which  
21 is contained in some of these public documents?

22                  A. Fortunately I have been involved in a  
23 study that we've submitted to the Ministry of  
24 Environment in which I was part of a team that  
25 estimated the total waste production in Ontario.

1 Q. And waste production means the amount  
2 of waste paper which --

3 A. Not only paper, other also products  
4 too, wet line products.

5 Q. All right. And did that study  
6 indicate the amount of waste which would be of the type  
7 that could be used by mills as furnish for the  
8 production of paper products?

9 A. Yes, because we looked at it as total  
10 waste product. We also looked at the diversion rates,  
11 we looked at the recycling capacity, we considered all  
12 these factors also.

13 Q. I think one last question. In the  
14 Interrogatory 25(c) you said -- the question was:

15 "What are the economic impacts in the  
16 area of the undertaking that lead to  
17 these recycling targets?"

18 And the answer was:

19 "The financial resources have not been  
20 available to undertake this analysis of  
21 the entire area of the undertaking. The  
22 economic impact should be examined during  
23 the preparation of individual timber  
24 management plans."

25 Now, explain to me for what purpose an

1 analysis of that sort would serve in the context of  
2 preparing an individual timber management plan? Why  
3 would you be looking at the economic impacts in the  
4 area of the undertaking?

5 A. Well, here you must really recognize  
6 economic impact has really two components to it.  
7 Economic impact has two components, one is in terms of  
8 repercussions consequences, the other one is also in  
9 terms of forecasting demands, because we would know  
10 what sort of demands are likely to emerge in the  
11 economy for various products, and this may impinge on  
12 the needed timber and roundwood and other aspects.

13 Q. And is the way you see that being  
14 used in the context of planning, that sort of  
15 forecasting would be used to make sort of an allocation  
16 kind of decision as to whether or not, in fact, you  
17 even wanted to make the land available for timber as  
18 opposed to something else. That's the sort of reason?

19 A. Among many others.

20 Q. All right. Thank you, those are my  
21 questions.

22 MADAM CHAIR: Thank you, Mr. Freidin.

23 Mr. O'Leary. Do you have any  
24 re-examination?

25 MR. O'LEARY: With a great deal of

1 disappointment I'm sure to Mr. Freidin, we don't have  
2 any questions in re-examination, Madam Chair.

3 MR. FREIDIN: Good timing.

4 MADAM CHAIR: Thank you, Mr. O'Leary.

5 MR. O'LEARY: Well, I can always stroke  
6 out a few.

7 MR. FREIDIN: I tried very hard to do  
8 that but I couldn't.

9 MADAM CHAIR: Thank you very much,  
10 gentlemen, Dr. Victor and Dr. Kubursi. Good luck in  
11 your work and the Board appreciates you coming.

12 DR. KUBURSI: Thank you very much.

13 MR. FREIDIN: I would like to thank you  
14 as well. I enjoyed the discussion.

15 MADAM CHAIR: We will see you on Monday  
16 at 10:30. Thank you.

17 ---Whereupon the hearing was adjourned at 3:55 p.m. to  
18 be reconvened on Monday, March 2nd, 1992, commencing  
19 at 10:30 a.m.

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